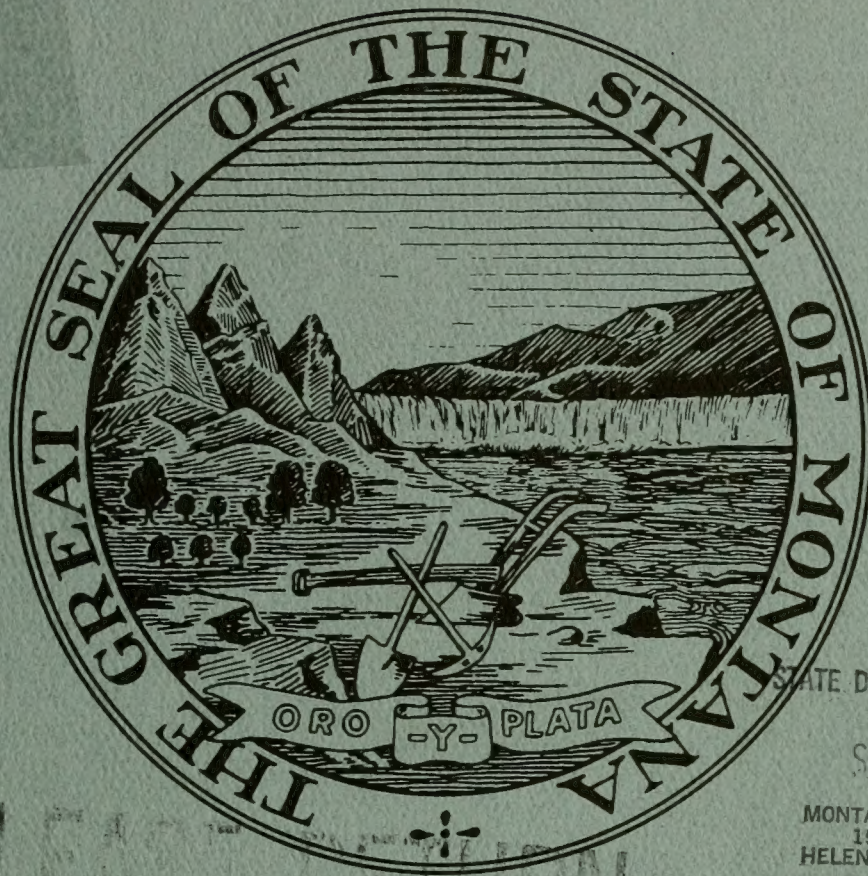


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# Governor's Executive Budget

**Fiscal Years 1994-1995**

**Stan Stephens, Governor  
State of Montana**



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STAN STEPHENS  
GOVERNOR

December 1, 1992

Honorable President and Members of the Senate  
Honorable Speaker and Members of the House

Honored Members of the Fifty-Third Legislative Assembly:

In accordance with Article VI, Section 9, of the Constitution of Montana, and Title 17, Chapter 7, part 1, Montana Code Annotated, I am transmitting to you my Executive Budget recommendations.


This budget sets forth a balanced financial plan for Montana's state government over the 1995 biennium. In order to achieve this balance, difficult choices were made regarding virtually every program in state government. This plan gives full consideration to the taxpayers of Montana: consideration for the services they expect from state government and their ability to pay for those services. This proposal reflects the very best efforts of hundreds of forward-looking, dedicated Montanans who have focused their efforts on designing a workable solution to the serious budget challenge facing state government.

I wish you well in your work.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stan Stephens".

STAN STEPHENS  
Governor



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	1104 Legislative Council	1111 Environmental Quality Council
	1112 Consumer Counsel	2110 Judiciary
	2112 Chiropractic Legal Panel	3101 Governor's Office
	3201 Secretary of State	3202 Comm Political Practices
	3401 State Auditor	4107 Board of Crime Control
	4108 Highway Traffic Safety	4110 Dept of Justice
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Special acknowledgement to Mary Jo Murray and Julie Pool of the Governor's Office  
for their invaluable technical assistance in preparing this document.







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## STATE VISION

We Montanans want our "last best place" in the 21st century to be economically, environmentally and socially rich, with room to live our individual dreams.

### GOAL: Assure quality job opportunities for our citizens.

- Stimulate sustained quality employment growth along with structured long-term economic development.
- Maintain a balance between diversified economic development, a sustainable environment and quality of life.
- Provide a favorable business climate.
  - Overhaul the workers' comp system to adequately and fairly meet the needs of taxpayers, workers and business.
- Encourage business innovation and technology growth.

### GOAL: Develop a comprehensive and equitable tax structure matched by a responsive and responsible government.

- Reform our tax system to assure fairness and revenue growth consistent with our overall economic growth.
- Initiate prioritized, results-based budgeting system in state Government.
- Reform Governmental units (city, county, state) to be responsive, Affordable and effective.

### GOAL: Achieve the greatest common good through consensus about important statewide issues.

- Promote an affordable health care delivery system for all Montanans.
- Put in place an equitable system to facilitate transition from welfare to the workplace for all able Montanans.
  - Increase our capacity to resolve our own natural resource disputes.
- Increase our capacity to accommodate multicultural diversity.

### GOAL: Maintain a high quality education system.

- Improve linkages between educational providers and employers' needs.
- Improve the quality and cost effectiveness of the education system.
  - Reduce the outmigration of educated young people.
- Increase the percentage of high school graduates.



*Necessity is the mother of invention.*

Throughout 1992, policy makers everywhere have been talking about "reinventing government." From casual references to full embraces, those interested in government have been engaging the notion, wondering aloud if the ideas contained in the book of the same name could be successfully implemented. Should Montana be a "test state", or a laboratory, for any collection of very new, startling, even revolutionary ideas such as those contained in the book? The debate is academic. We have no choice.

Good citizens will earnestly and vigorously debate the merits of individual proposals to come before the 1993 Legislature, be they traditional or revolutionary, but there is no room left to avoid major restructuring in every facet of state government.

The "triple whammy" of a decade-long fiscal imbalance, a three-year revenue shortfall and spiraling program costs in "people programs" like education and human services have combined to create a substantial general fund deficit that must be addressed by a new Governor and the Fifty-third Legislature.

State government has spent more tax dollars than it has raised in seven of the last ten years. During the most recent three years, revenue has fallen short of projections by more than \$75 million, a figure equal to more than seven percent of our biennial general fund budget. Throughout those ten years, the pressure of increased enrollments in schools, the skyrocketing cost of health care benefits and the ever-increasing growth in caseloads for our entitlement programs have blunted many of the best-directed efforts to control the growth of government.

Our challenge, and our opportunity, is to redefine our goals and objectives as a state, evaluate them against the kind of functions government is performing, and proceed with the required "restructuring". Fortunately, we have at our immediate disposal a blueprint for our evaluation.

The Governor's Council for Montana's Future has spent much of the last nine months travelling across Montana, talking to thousands of Montanans about Montanans' vision of their state. Their first report is a vision statement and a list of goals that clearly present the results of their research. This is the document which appears printed on the opposite page.

The executive budget proposes 55 policy initiatives, including 12 major initiatives, and each one is supported by a goal of the vision statement. A comparison of state goals and budget initiatives will show the correlation. A page number is provided to locate each initiative.

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### **Goal 1. Assure quality job opportunities for our citizens.**

1. Stimulate sustained quality employment growth along with structured long-term economic development.
2. Maintain a balance between diversified economic development, a sustainable environment and quality of life.
3. Provide a favorable business climate.
  - A. Overhaul the workers' compensation system to adequately and fairly meet the needs of taxpayers, workers and business.
4. Encourage business innovation and technology growth.



The executive budget proposes seven policy initiatives, including three major policy initiatives, in this area, and strongly supports current level efforts in the Department of Commerce that provide essential economic development programs. Proposals include:

The major policy initiatives include:

- Funding for the Montana Science and Technology Action Agenda (Page C60)
- An aggressive plan to reform the state's workers' compensation system, and create a process and funding for the alternative operation of the system (Page A95 and A98)
- An increase in fuel taxes to match federal funding for the federal highway program, which provides short-term economic development through construction jobs, and long-term economic development through improved infrastructure (Page A53-54)

Other policy initiatives include:

- A general fund commitment to the operation of Montana's state parks (Page C11)
- Funding for state/local partnerships to improve access to parks recreation sites (Page F8)
- Adequate funding for tours of the Capitol and Original Governor's Mansion (Page D10)
- Oil overcharge projects designed to create new jobs through development of petroleum substitutes from safflower oil, other agricultural products, and waste from the pulp and paper industry (Page F22)

As mentioned above, the executive budget also supports Commerce Department programs that have helped Montana's economy "hold its own" against lagging economic trends. Such successful programs include:

- Microbusiness Development
- Small Business Development Centers
- International trade efforts, in Canada and the Pacific Rim, focusing on value-added products
- Business recruitment efforts
- Tourism promotion
- Motion picture promotion

Also included in the department's budget is funding to implement an important if minimal first step towards infrastructure improvement for the state and its local governments.

---

### **Goal II. Develop a comprehensive and equitable tax structure matched by a responsive and responsible government.**

1. Reform our tax system to assure fairness and revenue growth consistent with our overall economic growth.
2. Initiate a prioritized, results-based budgeting system in state government.
3. Reform governmental units (city, county, state) to be responsive, affordable and effective.



The executive budget proposes 17 policy initiatives, including five major initiatives, toward achieving this goal.

The major policy initiatives include:

- Implementation of a total tax reform package, including relief from sharp increases in taxes proposed for agricultural land, reduced income tax, reduced business and residential property tax, and a 4% sales tax with protections against regressivity and future increases (Page S12)
- Restructuring of the men's corrections program in order to provide a better alternative to incarceration via community corrections and save construction costs (Page D19)
- Restructuring of the women's corrections program in order to provide a better alternative to incarceration via community corrections and save construction costs (Page D25)
- Stimulation of incentive by providing a prudent level of "flexibility" to agency managers in managing agency appropriations (Page S54)
- Establishment of a general fund stabilization account to provide a cushion against potential future revenue shortfalls (Page S59)

Other policy initiatives include:

- An increase to state employees in the state payment for health care coverage, due to ever-increasing health care cost projections for the next biennium (Page S25)
- Switching funding for Motor Vehicle division to fuel tax revenue, more in line with priorities of fuel tax funding (Page A45 and A53)
- Consolidation of financial and personnel management functions into the Department of Administration (Page A80)
- Transfer of the investigations function in the Department of Revenue into the Department of Justice. (Page A71)
- Initiation of mission-oriented performance measures and "quality management" training for agency managers (Page A24)
- Consolidation of the Water Policy Committee with the State Water Plan Advisory Council (Page A11)
- Transfer of county tax assessors to full state management (Page A78)
- Appropriation of funding to equitably pay the state share of local Department of Family Service operations (Page B51)
- Abatement of excessive paperwork and the unnecessary expenditure of time by adding "forward estimate" authority to HB4, the budget amendment bill (Page S58)
- Investment of the unappropriated portion of the DUI license reinstatement fee in alcohol dependency treatment programs for youth (Page B52)
- Stabilization of funding for the vocational rehabilitation program by transferring it to the general fund (Page B45)
- Reestablishment of the sanctity of the unemployment insurance administration tax fund (Page B19)



### **Goal III. Achieve the greatest common good through consensus about important statewide issues.**

1. Promote an affordable health care delivery system for all Montanans.
  2. Put in place an equitable system to facilitate transition from welfare to the workplace for all able Montanans.
  3. Increase our capacity to resolve our own natural resource disputes.
  4. Increase our capacity to accommodate multicultural diversity.
- 

The executive budget proposes eight policy initiatives, including one major initiative, toward achieving this goal.

The major policy initiative contains:

- Establishment of a Health Care Commission with specific, accountable goals, as well as other components of Phase II of the "Health Care for Montanans" initiative, and
- Provision of health insurance for uninsured children and improved hospital funding through imposition of a .75% gross receipts tax on hospitals (Page B28)

Other policy initiatives include:

- Restructuring the general assistance program to bring Montana's program more in line with other states in the region (Page B27)
  - Continued funding for the state's Natural Resource Damage Assessment litigation (Page B2)
  - Consolidation of day care programs at the Department of Social and Rehabilitational Services (Page B30)
  - Stabilization of funding for the displaced homemakers program (Page B19)
  - Stabilization of funding for the "Project Work" program (Page B19)
  - Increased funding for the Human Rights Commission, as a result of increased workload in housing discrimination and other cases (Page B24)
  - Repair of the Nursing Home utilization fee to remain in compliance with federal statute (Page B31)
- 

### **Goal IV. Maintain a high quality education system.**

1. Improve linkages between educational providers and employers' needs.
  2. Improve the quality and cost effectiveness of the education system.
  3. Reduce the outmigration of educated young people.
  4. Increase the percentage of high school graduates.
- 

The executive budget proposes six policy initiatives, including three major initiatives, in this area.

The major policy initiatives include:



## Budget Overview

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- Comprehensive reform and restructuring of the Montana University System (Page E37, E41•80)
- Restructuring of the K-12 Education system into county wide districts (Page S22)
- Expanded funding for the development of Montana's telecommunications network through "METNET" (Page A87)

Other policy initiatives include:

- Replacement of general fund dollars with federal and other available funds at the Montana School for the Deaf and Blind (Page E119, E121-122)
- Continued diversion of the flow of Income and Interest from state timber sales to the School Equalization Account, lessening the pressure on the state general fund (Page S24)
- Stabilized funding for "Jobs for Montana's Graduates", a recently implemented, successful program for at-risk teen students (Page B19)

In summary, this budget takes head on the priorities state government must face in order to fully and properly serve the people of Montana: jobs, taxes and restructuring.

### JOBS

The private sector is the creator of permanent, real jobs for Montanans, but government plays a significant role as a facilitator and catalyst. When dollars are sparse, as they are today, they must be used wisely and with great skill, where they will be most effective.

Certainly, the performance of the economic development programs at the Department of Commerce has reflected this skill, and the results have been encouraging. The solid programs now in place, and the addition of the Science and Technology Action Agenda, should serve as valuable arrows in the quiver to help Montanans hit the target of stable job growth in an economy as diverse as that found in Montana.

### TAXES

The "triple threat" challenge that faces state government no longer allows a "tax/no tax" debate. What must now be done is to attempt to restructure the Montana tax system for stability and elasticity. By de-emphasizing the role that property taxes play in the overall revenue mix, reducing the top income tax rates through a flat tax of 6%, and instituting a sales tax, the tax base is broadened, and a revenue source is built in that fluctuates more directly with our economy.

To affirm the executive commitment to fairness and stability in tax policy, this budget proposal does not include the re-imposition of the "Super Seven" surcharge.

### RESTRUCTURING

Major industry all across America is involved in "rightsizing", "downsizing" or more plainly, cutting back. Small businesses and individuals have not had the luxury of waiting to adjust their operations in order to keep the financial books balanced. When will government catch up? Will state

government adapt to the changing economy soon, or will it learn the hard lessons that industries are responding to and the federal government has yet to learn?

This budget proposes major restructuring for four of Montana's largest governmental services: Corrections, Workers' Compensation, K-12 education and our system of higher education. It also proposes more flexibility for managers throughout state government, and the creation of a general fund stabilization account so the state is positioned to better manage future revenue fluctuations.

In addition to the restructuring efforts proposed herein, every agency budget has been scrutinized in order to produce a total current level budget for state government where virtually all of the increases are in entitlement programs and the annualization of a pay plan that was enacted in three separate steps over the current biennium. Also, growth in general fund employees (FTE) was held to an absolute minimum.

A concentrated, if abbreviated, effort was also undertaken to factor in the prioritization of agency goals and objectives solicited through an amendment to HB8 from the July Special Session. In some cases, this executive budget does recommend the elimination of lower priority programs. It will remain for the legislature to pass further judgment on each agency's prioritization, and determine whether or not further modifications in the prioritization process are in order.



## General Fund Revenue Estimates

The table below provides a summary of the general fund revenue estimates developed from the Revenue Oversight Committee's assumptions.

As indicated by the table, general fund revenues are expected to decline from \$1,001.022 million for the 1993 biennium to \$969.723 million for the 1995 biennium, or by \$31.299 million.

Significant one-time revenues enacted during the 1993 biennium explain this reduction. The more significant of these measures include approximately \$23 million from the imposition of quarterly estimated income tax requirements during FY 93, approximately \$7 million by requiring income tax payments with extension requests effective in FY 92, and approximately \$24 million in FY 93 revenues from the 7% surtax on virtually all general fund revenue sources.

**General Fund Revenue Estimates**  
Based on Assumptions Adopted by the Revenue Oversight Committee  
(Millions)

Source of Revenue	Actual FY 1992	Estimated FY 1993	Estimated FY 1994	Estimated FY 1995	Estimated FY 93-94	Estimated FY 94-95
Individual Income Tax	\$200.684	\$222.220	\$207.396	\$213.324	\$422.904	\$420.720
Corporation Tax	32.052	33.620	36.180	36.235	65.672	72.415
Coal Severance Tax	9.609	14.350	6.333	6.337	23.959	12.670
Oil Severance Tax	20.427	16.815	15.160	15.328	37.242	30.488
Interest on Investments	16.494	16.475	9.804	10.011	32.969	19.815
Long-Range Bond Excess	42.734	46.691	44.336	45.589	89.425	89.925
Coal Trust Interest	40.010	39.609	40.529	41.620	79.619	82.149
Insurance Premiums Tax	20.387	22.648	20.526	23.505	43.035	44.031
Institutions Reimburse.	16.330	15.893	14.291	14.839	32.223	29.130
Liquor Profits	5.363	4.190	4.340	4.620	9.553	8.960
Liquor Excise Tax	6.122	6.720	6.533	6.823	12.842	13.356
Inheritance Tax	11.338	10.484	10.405	10.679	21.822	21.084
Metal Mines Tax	3.966	4.172	3.526	3.692	8.138	7.218
Electrical Energy Tax	4.938	4.255	3.994	4.021	9.193	8.015
Drivers' License Tax	1.776	1.722	1.800	1.805	3.498	3.605
Telephone License Tax	4.984	4.222	4.003	4.091	9.206	8.094
Beer License Tax	1.453	1.621	1.422	1.459	3.074	2.881
Natural Gas Severance Tax	1.396	1.283	1.249	1.264	2.679	2.513
Freight Line Tax	1.272	0.000	0.000	0.000	1.272	0.000
Wine Tax	0.853	0.897	0.798	0.804	1.750	1.602
Video Gaming Income Tax	9.875	11.019	10.035	10.804	20.894	20.839
Motor Vehicle Account	10.152	9.653	9.911	10.175	19.805	20.086
Vehicle Fees	3.227	3.114	3.248	3.397	6.341	6.645
Public Contractor's Tax	1.270	1.230	1.242	1.252	2.500	2.494
Other Revenue Sources	<u>20.324</u>	<u>21.083</u>	<u>20.348</u>	<u>20.640</u>	<u>41.407</u>	<u>40.988</u>
Total	<u>\$487.036</u>	<u>\$513.986</u>	<u>\$477.409</u>	<u>\$492.314</u>	<u>\$1,001.022</u>	<u>\$969.723</u>



# General Fund Revenue Estimates

Combining the Revenue Oversight Committee's revenue estimate with recommended general fund expenditures contained in the executive budget yields the following balance summary.

## Governor's Executive Budget Proposal

	Current Law			
	Actual FY 92	Projected FY 93	Projected FY 94	Projected FY 95
Beginning Fund Balance	58.700	24.486	20.987	(54.020)
Receipts	<u>487.036</u>	<u>514.207</u>	<u>478.121</u>	<u>492.719</u>
Total Available	545.736	538.693	499.108	438.699
Disbursements				
General Appropriations	510.971	427.294	487.519	496.437
Pay Plan Appropriations		20.914	1.648	3.348
Statutory Appropriations				
Property Tax Reimbursement		19.266	20.037	20.838
Debt Service		10.954	11.893	14.574
TRANS Interest		3.929	0.000	0.000
Microbusiness Administration			0.034	
Retirement Benefits		3.506	3.695	3.974
Miscellaneous Appropriations		2.779	1.750	1.750
Continuing Appropriations		9.016		
Supplementals				
All Other State Agencies		22.330		
State Equalization Account	12.100	19.900	29.052	9.259
Feed Bill		5.025		5.100
Reversions		<u>(21.743)</u>	<u>(2.500)</u>	<u>(2.500)</u>
Total Disbursements	523.071	523.170	553.128	552.780
Adjustments	(2.059)			
Residual Equity Transfer	3.880	5.464		
Ending Fund Balance	24.486	20.987	(54.020)	(114.081)

## Governor's Revenue Proposals

Beginning Fund Balance	20.987	20.506	(6.456)
Sales Tax Proposal			
Sales Tax Revenue		67.650	270.600
Stabilization Account Appropriation		0.000	(40.000)
Property Tax Relief		(12.500)	(87.790)
Income Tax Relief		0.000	(28.700)
Administrative Costs	(0.481)	(5.433)	(5.600)
Montana Science & Tech Proposal		(0.900)	(1.900)
Funding Switches:			
Judiciary		(0.284)	(0.286)
Commerce - Weights & Measures		(0.488)	(0.493)
Ending Fund Balance	20.506	(6.456)	39.314

\* Based on Revenue Oversight Committee's Revenue Assumptions of November 20, 1992.  
FY 92 ending fund balance is unaudited figure at press deadline



The top section of the summary shows that, despite the significant expenditure reductions from the recommended policy initiatives, general fund deficits of \$55.6 million and \$117.4 million are expected for fiscal years 1994 and 1995, respectively.

Additional revenues are proposed to address these deficits. Deficit reduction revenues totalling \$48.8 million in FY92 and \$106.6 million in FY93 are proposed to create a general fund surplus of \$39.3 million at fiscal year end 1995. The proposed budget, therefore, complies with the constitutional requirement of a balanced biennial budget.

Options are being reviewed at the Board of Investments to address the issue of the deficit which is budgeted at FY94 year end. It is likely that legislation may be required to fully resolve the issue. However, given the strong condition projected for the general fund at the end of the biennium and the extraordinary circumstances facing the state, this accommodation should be viewed as a necessary one which is far less painful than any possible alternatives.

A summary of the revenue proposal follows.

## Governor Stephens' Proposal for Comprehensive Tax Reform and Structural Deficit Reduction

The need for comprehensive tax reform, first mandated by the electorate through Initiative 105 in 1986, is long overdue, as evidenced by Montana's continuing structural deficit problems.

The Stephens administration proposal for comprehensive tax reform combines a 4% general sales tax on goods and services with significant and meaningful income and property tax relief, while addressing future structural deficit problems.

### Sales Tax

The general sales tax on goods and services is scheduled to take effect April 1, 1994. This will allow a full quarter's worth of sales tax to be booked in FY94 when year-end accruals are taken into consideration. Revenue net of vendor allowances and administrative costs in FY94 from the sales tax is projected to be \$66.9 million. The sales tax, which provides for an additional 4% tax on lodging, excludes many essentials including food, medical services and prescription drugs, and utilities paid by residential customers. Also excluded from the tax are several professional services.

The citizens of the state need to be ensured the sales tax rate will not be increased in the future. Therefore, both statutory and constitutional limits of 4% are proposed. The statutory limit is included to guard against increases until a constitutional referendum can be placed on the ballot at the next regular election.

### Property Taxes

**Business Equipment.** Beginning January 1, 1994, the taxable valuation rate on business personal property, including manufacturing machinery and other business equipment, is reduced from 9% to 3.625%. The total annual tax savings to the business community from this change is \$41.67 million. This impact will be felt in its entirety in FY95. However, because approximately 30% of business personal property is not liened to real property, and because taxes on this property are paid during April and May of the current tax year, there will be a tax savings of about 30% of the total impact in FY94 (\$12.50 million).

**Residential Property Taxes - Homestead Exemption.** At the same time, residential property taxpayers will be allowed to exempt from property taxes the first \$10,000 of market value of their homes. The homestead exemption reduces residential property taxes \$26.9 million annually, beginning in FY95. This represents an average tax reduction of \$139 for those properties where the full exemption can be claimed.

**Land and Building Taxes.** Additional property tax relief is provided to residential and business property through lowering the tax rate from 3.86% to 3.625%. This rate reduction will provide an additional \$15.7 million in property tax relief to homeowners and businesses beginning in calendar year 1994.

**Railroads and Airlines.** Reducing the taxable valuation rate on business personal property results in an additional decrease in taxes for railroads and airlines of \$2.46 million, beginning in FY95. This reduction is mandated by the federal 4 Rs Act, which prohibits taxing railroads and airlines at a greater rate than all other commercial property.

**Agricultural Land Valuation.** The 264% increase in agricultural land valuations that is scheduled to take effect in calendar year 1994 is offset by a tax rate reduction in a separate proposal. Under the assumption that the Agricultural Advisory Commission will provide a current law revenue-neutral rate



of 3.86%, an assumption implicitly adopted by the Revenue Oversight Committee, an additional tax savings on agricultural land of \$2.36 million will be provided. Sales tax revenues are used to reimburse local governments and the school foundation program for the impact of the proposal on its revenues.

## Individual Income Tax

Individual income tax reform is scheduled to take effect January 1, 1995. The current income tax system will be greatly simplified by eliminating the need to itemize deductions and contend with cumbersome tax tables. Instead, taxpayers will simply subtract allowable exemptions and standard deductions from their incomes and apply a single flat rate of 6% to the resulting taxable income. Because current exemption amounts and standard deductions are greatly increased under the proposal, thousands of low-income households will no longer pay income taxes, and average tax bills will decrease at all income levels. This reform in income taxes is anticipated to reduce income tax liabilities by almost \$42 million in the first year calendar of implementation.

**Renter's Credit.** To provide equity between renters and homeowners, all renters will be allowed to take a refundable renter's credit of \$135 against their income tax liabilities. This credit, which will benefit nearly 79,000 renter households, is estimated to reduce income tax liabilities an additional \$10.65 million annually, beginning in FY95.

## Summary of Impacts

The impacts of the sales, property, and income tax components of this proposal, by fiscal year, are summarized in the following table:

**Summary of Revenue Impacts by Major Tax Source**  
(\$ million)

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
Sales Tax	68.75	275.00	275.00	275.00
Income Tax	0.00	( 28.79)	( 52.91)	( 57.03)
Property Tax	<u>(12.50)</u>	<u>( 87.79)</u>	<u>( 87.79)</u>	<u>( 87.79)</u>
Net Change	56.25	158.51	134.30	130.18

## Structural Deficit Reduction

Montana has spent more revenue than it has received for seven of the last ten years. Without new tax revenue, the executive budget would continue this trend, in spite of significant and meaningful reductions in the cost of government. Moreover, our fiscal year imbalance would continue to worsen in future biennia as our revenues continued to lag behind the costs of educating our children and providing for our poor. The tax reform proposal would correct this trend.

As shown in the previous table, the proposal would generate about \$130 million of "deficit reduction" revenues on a long-term basis.

### Science and Technology Alliance Funding

Coal trust fund revenues are appropriated to provide seed funding for the Science and Technology Alliance. Sales tax revenues are used to offset the loss of interest earnings to the general fund and foundation program on the trust from \$11.75 million appropriations in each year of the biennium.

A more complete description of this proposal is provided in the policy initiative under the Department of Commerce.



The State of Montana's ability to finance the demands for state and local services, and the increasing needs for certain services, is dependent on the health of the state, national and international economies. These conditions affect the revenues available to provide services, the cost of their provision and the demand for services.

The executive budget recommendation is based on the preliminary economic assumptions and revenue estimates adopted by the Revenue Oversight Committee (ROC) at its November 20, 1992, meeting in keeping with legislative intent.

The following provides an overview of the assumptions for key economic variables as adopted by the ROC. Further explanation and reasoning will be provided in the Budget Analysis prepared by the Office of the Legislative Fiscal Analyst, since the ROC adopted their recommendations with only one minor change.

A table showing each assumption adopted by the ROC follows this discussion.

**Personal Income** -- Total personal income is the most commonly-used measure of state economic performance. It is designed to measure the total income of the state's residents from wages and salaries; interest and dividends; rental receipts; farm income; and transfer payments.

Key components of personal income provide insights about the size of the personal income tax base and the ability of the state's residents to consume taxable services.

The ROC assumes non-inflation adjusted personal income will grow throughout the forecast period at rates averaging 4.5%. Inflation adjusted personal income growth averages 0.7%.

Total wage and salary income, the largest component of total personal income and the personal income tax base, is assumed to grow from calendar years 1991 to 1995 at rates averaging 5.0%. The projected growth between 1991 and 1992 is 4.5%, which is slightly over half the 8.5% rate reported for the first half of the year by the U.S. Department of Commerce.

**Employment** -- Total employment is anticipated to grow throughout the forecast period. It is expected 14,700 new non-farm jobs will be added to the state's economy between calendar years 1992 and 1995.

**Inflation** -- Inflation indices measure the level and rate of change in the price of goods and services. Inflation affects revenues directly and indirectly. Direct effects result from income tax indexing and tax bases measured at inflation influenced prices. Indirect effects occur through its impact on spending levels and wage negotiations, to name a few.

Inflation measured by the consumer price index, the most commonly cited measure of inflation, is projected to average 3.8%. The rate of inflation increases throughout the forecast period. Inflation of 3.0% is expected for calendar year 1992; increasing to over 4.1% by 1995.

**Energy Production and Prices** -- Montana's vast mineral wealth and taxes on energy resources make the industry an important component of the state's revenue base.

**Oil** - The state's oil industry is assumed to have stabilized in the adopted assumptions. Oil production is expected to decline at an average rate of about 3.25% per year throughout the forecast period compared to the 8.7% average for the 1985 to 1990 period. Wellhead prices are assumed stable also. Average prices are anticipated to increase from \$17.28 in 1992 to

## Economic Overview

\$18.50 in 1995, as supported by industry testimony.

Coal -- The state's coal producers expect their production to decline in the aggregate from 1992 to 1995. Surveys indicate an expected production decline of about 2.8 million tons between calendar years 1992 and 1995. Assumptions of increases in average coal prices were adopted by the ROC. Prices are assumed to increase from \$7.64 per ton to \$8.13 per ton by 1995.

Interest Rates -- Interest rates directly affect Montana's investment earnings from its trust funds and idle cash reserves.

Average short-term interest rates are assumed to increase from 3.55% in 1992 to 5.39% in calendar year 1995 as the national economy recovers from the recession and the Federal Reserve becomes more concerned about inflation rather than monetary stimulus. Long-term interest rates, likewise, are assumed to increase. An 8.06% rate is assumed for 1992, increasing to 8.56% by 1995.

Other Economic Variables -- Numerous other economic variables affect state revenues. The following table presents information on the preliminary assumptions adopted by the Revenue Oversight Committee.

### Major Economic Assumptions Adopted November 20, 1992 by Revenue Oversight Committee

Year	Assumption	FY/CY 1992	FY/CY 1993	FY/CY 1994	FY/CY 1995
<b>Population and Employment Assumptions</b>					
	MT Population July 1 (Millions)	0.811	0.817	0.823	0.829
	MT Population > = 16 (Millions)	0.602	0.604	0.606	0.608
	MT Population 18 - 24 (Millions)	0.067	0.064	0.061	0.059
	MT Non-Farm Employment (Thousands)	307.300	312.400	317.400	322.000
<b>Montana Economic Assumptions</b>					
CY	MT Personal Income (Millions)	13,023.773	13,530.190	14,134.475	14,781.061
CY	MT Net Farm Income (Millions)	492.529	496.568	500.488	503.730
CY	MT Disposable Income (Millions)	11,419.184	11,863.118	12,392.840	12,959.639
CY	MT Non-Farm Wage Income (Millions)	6,322.395	6,634.740	6,987.400	7,353.865
<b>Individual Income Tax Assumptions</b>					
CY	MT Non-Farm Wage & Salary Growth	4.54%	4.94%	5.32%	5.24%
CY	MT Interest/Dividend Income Growth	-2.62%	1.95%	6.01%	7.36%
CY	MT Net Business Income Growth	9.20%	10.00%	10.10%	9.30%



## Economic Overview

Year	Assumption	FY/CY 1992	FY/CY 1993	FY/CY 1994	FY/CY 1995
CY	MT Capital Gain/Loss Income Growth	1.32%	1.31%	1.30%	1.26%
CY	MT Rent/Roy./Partnership Income Growth	1.32%	1.31%	1.30%	1.26%
CY	MT All Other Income Growth	3.47%	4.48%	5.43%	4.77%
CY	Individual Income Tax Audits (Millions)	14.077	16.397	12.000	12.000

### Corporate Income Tax Assumptions

CY	US Corporate Profits (Billions)	355.801	381.124	406.946	432.886
CY	MT Corporate Taxable Income (Millions)	741.257	800.496	861.988	922.471
FY	MT Corporate Tax Audits (Million)	15.317	8.129	7.800	7.800

### Inflation & Interest Rate Assumptions

CY	Consumer Price Index (% Change)	3.01%	3.35%	3.93%	4.11%
CY	Short Term Interest Rates	3.55%	3.53%	4.59%	5.39%
CY	Long Term Interest Rates	8.06%	7.94%	8.26%	8.56%
FY	TCA Blended Interest Rate	6.17%	5.09%	4.90%	5.15%
FY	TRANS Interest Spread	0.80%	0.00%	0.00%	0.00%
FY	Treasury Cash Avg. Balance (Millions)	267.461	314.992	200.090	194.390
FY	TRANS Issue Size (Millions)	85.000	135.600	0.000	0.000
FY	Permanent Trust Gains/Losses (Millions)	3.626	1.843	1.843	1.843
FY	Common School Trust Gains (Millions)	2.339	2.203	1.791	1.885
FY	Resource Ind. Trust Gains (Millions)	0.845	0.845	0.845	0.845
FY	Parks Trust Gains/Losses (Millions)	0.000	0.102	0.102	0.102
FY	Arts Trust Gains/Losses (Millions)	0.119	0.119	0.119	0.119

### Natural Resource Assumptions

CY	Total Oil Production (Mbbls)	18.867	18.278	17.756	17.241
CY	Severance Tax Oil Production (Mbbls)	17.752	17.314	16.822	16.320
CY	Montana Oil Price (\$/Bbl)	17.283	17.700	18.199	18.500
CY	Total Coal Production (M Tons)	36.850	35.063	34.467	34.067
CY	MT Coal Price (CSP/Ton)	7.641	7.866	7.932	8.126
CY	Coal Tax Credits (\$M)	3.331	0.627	0.000	0.000
CY	Total Natural Gas Production (MMCF)	47.360	47.940	48.756	49.388
CY	MT Natural Gas Price (\$/MCF)	1.512	1.663	1.862	2.079
CY	Total Gas Liquids (M Gals.)	9.460	9.576	9.739	9.865
CY	Gas Liquids Price (\$/Gal)	0.175	0.193	0.216	0.241
CY	Copper Production (M lbs)	130.590	126.389	136.789	137.744
CY	Silver Production (M ozs)	5.828	5.793	5.708	5.748
CY	Gold Production (M ozs)	0.402	0.415	0.421	0.424
CY	Lead Production (M lbs)	9.620	9.620	9.620	9.687
CY	Zinc Production (M lbs)	23.140	23.140	23.140	23.301
CY	Molybdenum Production (M lbs)	9.600	7.860	10.280	10.352
CY	Palladium Production (M lbs)	0.208	0.206	0.206	0.207
CY	Platinum Production (M ozs)	0.062	0.061	0.061	0.061
CY	Nickel Production (M ozs)	0.313	0.310	0.310	0.312

## Economic Overview

Year	Assumption	FY/CY 1992	FY/CY 1993	FY/CY 1994	FY/CY 1995
CY	Rhodium Production (M lbs)	0.002	0.002	0.002	0.002
CY	Copper Price (\$/lbs)	0.850	0.850	0.850	0.850
CY	Silver Price (\$/oz)	3.800	3.800	3.800	3.800
CY	Gold Price (\$/oz)	340.000	340.000	340.000	340.000
CY	Lead Price (\$/lbs)	0.250	0.250	0.250	0.250
CY	Zinc Price (\$/lbs)	0.500	0.500	0.500	0.500
CY	Molybdenum Price (\$/lbs)	2.380	2.380	2.380	2.380
CY	Palladium Price (\$/oz)	100.000	100.000	100.000	100.000
CY	Platinum Price (\$/oz)	350.000	350.000	350.000	350.000
CY	Nickel Price (\$/lbs)	4.270	4.270	4.270	4.270
CY	Rhodium Price (\$/oz)	3,245.000	3,245.000	3,245.000	3,245.000
FY	Total Federal Forest Receipts (\$M)	36.038	46.833	40.610	47.147

### Property Value Assumptions

FY	Total Statewide Taxable Value (\$M)	1,559.407	1,612.780	1,640.208	1,666.001
FY	Net/Gross Proceeds Taxable Value (\$M)	20.549	19.248	19.492	19.310
FY	All Other Taxable Value (\$M)	1,538.858	1,593.532	1,620.716	1,646.692
FY	Statewide Vehicle Value (\$M)	2,139.656	2,224.442	2,319.864	2,426.280

### Consumption Tax Assumptions

FY	Liquor Unit Sales (Millions)	4.952	4.987	5.022	5.058
FY	Wine Unit Sales (Millions)	0.053	0.041	0.031	0.024
FY	Liquor Cost Per Unit (\$/Unit)	9.602	10.006	10.244	10.622
FY	Wine Cost Per Unit (\$/Unit)	5.798	6.177	6.307	6.577
FY	Liquor Division Budget (Growth %)	6.54%	4.78%	3.00%	3.00%
FY	Beer Gallons (Millions)	0.741	0.771	0.790	0.811
FY	Wine Liters (Millions)	5.075	5.013	4.987	5.023
FY	Cigarette Packs (Millions)	69.182	68.462	67.676	66.827
FY	Tobacco Value (Million \$)	9.237	9.752	10.854	12.117
FY	Gasoline Gallons (Millions)	446.404	446.286	446.229	446.588
FY	Diesel Gallons (Millions)	128.272	130.631	133.032	135.478
FY	Video Gaming Net Income (Million \$)	160.343	182.127	200.705	216.075
FY	Total Lottery Sales (Million \$)	27.922	29.268	30.899	32.665
FY	Insurance Premium Growth (%)	2.38%	5.52%	5.52%	5.52%
FY	Insurance Prem. Tax Credits (Million \$)	2.757	3.774	4.530	3.024
FY	Police & Firemen Retirement (Million \$)	6.516	7.073	7.374	7.691
CY	Telephone Taxable Income (Million \$)	260.803	263.932	269.739	275.673

### Other Assumptions

FY	Medicaid Reimbursements (Million \$)	10.366	11.845	11.548	12.039
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## Expenditure Limitation

An expenditure limitation statute was added to Montana's disbursement and expenditure laws by the 47th Legislature. This statute provides for an upper limit of total appropriations of the general fund, the state special revenue fund and the cash portion of the capital projects fund based on the growth in the personal income of the state's residents. The law is intended to prevent state government expenditures from "consuming" an ever increasing portion of the income of the state's residents. As will be shown in the following, the Executive Budget recommendation complies with the expenditure limitation.

Three calculations are required to implement this law:

- 1) The base appropriation level contained in the current biennium budget must be determined.
- 2) The percentage change in total personal income must be calculated. For purposes of this calculation, the average personal income for the three years preceding the current biennium are compared to the three year average of the years preceding the next biennium.
- 3) The expenditure limitation is determined by applying the personal income growth to the base appropriation level. Recommended appropriation levels for the next biennium are compared to the expenditure limitation to determine compliance with the law.

### Step 1 -- Determine Base Appropriation Level

General fund, state special revenue and the cash portion of the capital project fund for 1993 biennium, less certain adjustments for interest payments, tax relief and governmental transfers as provided in 17-8-105, MCA, form the base appropriation level. The table to the right presents this calculation.

<b>Base Appropriation Calculations 1993 Biennium (in Millions)</b>	
1993 Appropriation	\$2,738.4
Exclusions:	
Debt Service	64.215
Transfers	<u>91.829</u>
Base Expenditures	\$2,582.3

### Step 2 -- Calculate Personal Income Growth

Data necessary to calculate personal income growth are provided below and to the right.

Since the average total personal income growth for the three years preceding the current biennium (1988, 1989 and 1990) is \$11.104831 billion and the average for the three years immediately preceding the 1995 biennium (1990, 1991, and 1992) is \$12.468523 billion, the growth in total personal income between the two periods is 12.28%. This percentage is the upper limit on appropriation growth for the 1995 biennium.

<b>Personal Income Growth</b>		
Year	Personal Income (Billions)	Source
1988	10.299215	Bureau of Economic Analysis
1989	11.306427	Bureau of Economic Analysis
1990	11.708850	Bureau of Economic Analysis
1991	12.672947	Bureau of Economic Analysis
1992	13.023773	Revenue Oversight Committee

## Expenditure Limitation

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### Step 3 -- Calculate the Expenditure Limit and Compare with Recommended Appropriation Level

The final step in determining the expenditure limit for the 1995 biennium is multiplying the base appropriation total calculated in step 1 by the allowable growth figure determined in step 2 (12.28%). This yields the total amount that may be appropriated from the general fund, state special revenue fund, and cash portion of the capital fund during the 1995 biennium. The resultant figure -- \$2,734.5 million -- is the maximum appropriation allowed.

Expenditure Limitation	\$2,899.4
Recommended Special Revenue Appropriation	1,779.5
Recommended Capital Projects Appropriation (Cash)	5.8
Recommended General Fund Appropriation	1,109.2
Exclusions	<u>163.0</u>
Expenditure Limitation Balance	\$168.0

As shown in the table above and to the right, the Executive Budget recommendation is within the appropriation limit.



## Public School Support

	CURRENT LAW			
	ESTIMATED FISCAL 1992	ESTIMATED FISCAL 1993	ESTIMATED FISCAL 1994	ESTIMATED FISCAL 1995
Beginning Fund Bal	8.474	2.552	0.000	0.000
Adjustments	0.617	1.635		
Revenues				
State Equalization				
Income Tax	92.880	100.848	94.121	96.811
Corportation Tax	14.975	14.985	15.902	16.929
Coal Tax	6.169	4.742	4.691	4.694
I & I	39.616	42.144	37.756	39.288
US O & G	21.150	22.186	22.215	22.648
40 Mills	63.053	64.511	65.608	81.577
Interest Earnings	0.108	0.138	0.140	0.144
HB20 Reimb	2.341	2.341	2.341	2.341
Miscellaneous	11.218	5.760	6.057	6.398
Coal Trust Int	7.060	6.990	7.152	7.345
Lottery	5.494	5.314	5.612	5.938
Total State Equalization	264.065	269.959	261.595	284.113
County Equalization				
55 Mills	85.767	88.703	90.211	112.168
HS Tuition	(0.993)	(1.129)	(1.129)	(1.129)
Cash Reapprop	6.718	10.842	0.000	0.000
Forest Funds	2.306	2.997	2.599	3.017
Taylor Grazing	0.150	0.150	0.150	0.150
Miscellaneous	21.256	27.844	28.288	27.379
Total County Equalization	115.204	129.407	120.119	141.585
General Fund Appropriation	12.100	19.900	0.000	0.000
Total Available	400.460	423.454	381.714	425.698
Expenditures				
Foundation	347.733	353.370	364.567	368.571
Permissive GTB	30.905	30.182	32.704	33.040
Retirement GTB	15.214	16.593	17.184	17.844
Transportation	3.908	3.914	0.000	0.000
Telecommunications	0.148	0.151	0.312	0.315
Total Expenditures	397.908	404.210	414.767	419.769
Surplus (Deficit)	2.552	19.243	(33.052)	5.929

### GOVERNOR'S PUBLIC SCHOOL PROPOSAL

Beginning Fund Bal	(33.052)	5.929
Agricultural Land Appraisal		(35.475)
Continue Allocation Of Timber Revenues	4.000	4.000
Capture Retirement Reserves		2.000
Countywide School Districts		14.287
General Fund Appropriation Required	29.052	9.259

Increasing enrollments have significantly increased the amount of public school support provided to districts in FY92 through FY95 while schedules have remained constant. The table below illustrates the growth in enrollment projected for the 1995 biennium by the Office of Public Instruction.

## Public School Support

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### Public School Enrollments

<u>Year</u>	<u>High School</u>	<u>Elementary</u>	<u>Total</u>
1992	41,890	106,579	148,469
1993	42,614	108,523	151,537
1994	44,024	111,881	155,905
1995	45,435	111,857	157,292

The 8823 ANB added between FY92 and FY95 increase the annual cost of the foundation program by nearly \$21 million.

Current law revenues and expenditure estimates for public school support detailed in the table on the preceding page indicate a surplus of \$19 million in FY93 followed by a deficit of \$33 million in FY94. The revenue estimates are those adopted by the Revenue Oversight Committee in November with the exception of adjustments to FY92 county equalization revenues and FY93 interest and income revenues. The change to county equalization revenues is needed to reconcile to SBAS and OPI data. The change to interest and income revenues is to recognize timber revenues in FY93.

Current law expenditures are based on the most recent enrollment estimates available from the Office of Public Instruction as listed in the table above. Funding for school transportation is shifted to the general fund in FY94 and FY95 and therefore no longer appears in the equalization account. Expenditures for METNET are increased to \$2 per ANB as part of a budget modification discussed in the budget for OPI.

The Governor's proposal includes the offsetting of the effects of agricultural land appraisal which had been scheduled to become effective in FY95. See the tax reform discussion for further details.

### Governor's Policy Initiatives

Montana spending on public schools is high compared to other states. According to the US Bureau of Census, in FY89 our state and local direct expenditures on elementary and secondary education were third highest in the nation in relation to personal income and twelfth on a per capita basis. Preliminary indications are that our ranking has not fallen in FY90.

We are faced with lawsuits charging that:

Foundation schedules do not reflect the cost of providing educational opportunities in rural districts in Montana.

There are wide variations in taxable value per student, tax effort, and spending per student.

The high spending level, coupled with the above complaints, indicates Montana problems with elementary and secondary education are more related to inefficiencies in our system and inequities in the distribution of funding than with the amount expended on it. For example, States In Profile shows that the number of FTE employees per 10,000 population in our K-12 public schools rank number one in the country, with a total of 295 per 10,000 compared with a national average of 195 per 10,000. (Reference bibliography in Appendix)

The executive proposal for support of schools is designed to bring about efficiencies in school administration, with attendant cost savings, while improving equalization. This proposal includes parts which are designed to make public school education more efficient, improve currently achieved equalization levels, reduce taxpayer dollars held in reserves or fund balances, and increase funds available for school support. The major pieces are:

- combination of all elementary districts within a high school district to generate administrative savings and to provide consistent student preparation for high school.
- creation of countywide districts to generate further administrative savings while improving equalization of school spending and taxing levels.



- recombining the retirement fund of the district with the general fund to promote equalization, remove incentives for expansion of retirement benefits, and capture reserves held in retirement funds.
- require extracurricular activities, which are not a part of a basic education, not be financed from the general fund of the school district but through the extracurricular fund to improve equalization and the accountability for these non- educational activities.
- maintain the current budget caps of 104% of previous years budget or 135% of foundation amounts to prevent erosion of equalization gains. (Adjustments will be made for the inclusion of retirement in the districts general fund budget.)
- continue the allocation of timber sale revenues to the school equalization account.

### Countywide School Districts

It is recommended that the current 527 school districts be reduced to 56 administrative and taxing units. Montana school districts spend nearly \$30 million per year because they cannot operate efficiently due to low enrollments. Of this amount, \$25 million is state foundation and GTB aid.

Savings can be generated by consolidating the administration functions of separate schools. The source of savings in an administration consolidation can occur through the sharing of superintendents, business offices, principals, counselors, librarians, attendance and secretarial staff, and to a very limited degree teachers. Accreditation standards require districts to have superintendents and principals. Establishing countywide districts will allow these individuals to serve larger numbers of students and reduce the administrative costs of schools. Currently the highest percentages of budget going to administration and the highest costs per ANB for administration are in the smallest districts in spite of the well-discussed issue of high salaries paid to administration officials in larger districts.

Median administrative costs per ANB of elementary and high school districts of varying sizes, as listed in the table below, show declines as schools become larger and administrative staff/student ratios become more efficient. This reduction of cost occurs in spite of increases in average salary of principals and superintendents in larger schools. Salaries in FY92 for superintendents in districts over 2400 ANB were over 80% higher than in districts under 100 ANB, for school principals the difference was 26% at the elementary level and 64% at the high school level.

Median Administrative Costs per ANB

<u>Level/ANB Size</u>	<u>Median cost/ANB</u>
Elementary	
Under 100	\$ 500
100-300	473
Over 300	385
High School	
Under 100	1163
100-300	669
300-600	488
Over 600	443

Countywide combination of all elementary and high school districts would result in 56 districts, many of whom would likely operate several high schools. The calculation of cost savings to the state is based upon aggregation of elementary district enrollments. The savings in administration should easily justify this reduction.

Over \$6 million of the state savings is due to reduction in the cost of GTB aid, the majority of which is due to the broadening of the tax base at the new countywide district level.

## Combination and Consolidation Annual Savings (millions)

Foundation Savings	\$ 7.69
GTB Savings	<u>6.60</u>
Total	<u>\$14.29</u>

The creation of countywide districts significantly improves equalization because "poor" and "rich" districts are joined within the county.

### **Recombine Retirement Fund with General Fund**

The current system of making retirement fully supported at the county level does not encourage districts to make decisions about retirement incentives and early retirement frugally. Higher retirement costs neither require the district to ask for increased levies nor to use its available budget authority (104% cap) to fund increased costs--they are merely passed on at the county level through a mandatory levy with GTB assistance.

Equalization of retirement costs at the county level can result in "reverse equalization" as taxpayers in low-spending districts share in the retirement costs of high-spending districts.

The combination of retirement funds with general fund will eliminate the need for separate reserves now being held in retirement funds. Retirement fund reserves totaled nearly \$15 million in school year 1992. These reserves are currently limited to 35% of the budget. Approximately 25% of the retirement budget is financed by state GTB subsidies; therefore, the state GTB savings from required expenditure of retirement reserves would be up to \$4 million if reserves were eliminated entirely. The current 10% reserve limit on the general fund would generate approximately \$2 million for the state. In both cases, the savings would be one time.

Additional savings may accrue to the state by recombining the retirement fund. Currently, retirement costs relating to federal programs, food services, extracurricular activities, and transportation are included and subsidized by the state through the GTB. If these costs were charged to the fund which pays the employee they would not be subsidized by the state.

### **Eliminating Costs Not a Part of Accreditation Standards**

In FY91, district general fund budgets included \$16.5 million for extracurricular activities which are not a part of education required by the accreditation standards or for a basic quality education. It is recommended to eliminate inclusion of these costs in the general fund and to shift them to the currently-established extracurricular fund. This would exclude these costs from calculations of equalization levels.

It is recommended that a voted levy be established for the extracurricular fund. In this manner, these costs will become the subject of increased voter scrutiny. There is no proposed reduction in foundation schedules to recognize the removal of these \$16.5 million in costs from the general fund.

### **Maintain the Current Budget Caps**

The budget proposes to keep in place the current general fund budget caps of 104% of the previous years or 135% of the district's foundation amount. The budget cap is needed to prevent the disequalizing effects of districts which have the voter support or resources from significantly expanding their budget. It appears that the courts have determined it is the state's obligation to provide for and maintain equalization. If the state allows high-spending districts to expand their budgets excessively, the state will inevitably be faced with the requirement to help low-spending districts catch up.

### **Continue Deposit of Timber Revenues to Equalization Account**

In the January 1992 special legislative session, timber revenues which were previously allocated to the permanent school trust fund were reallocated to the school equalization account. The United States Congress recognized timber as a renewable resource and amended the Enabling Act in 1967 to reflect this change in view. As a renewable resource, the current revenues from sales could be expended rather than held in trust. The legislature accepted the congressional amendment, but only made the allocation of the revenues to the equalization account effective through the end of FY93. Legislation will be introduced to continue the allocation.



## Pay Plan

The executive pay proposal is to increase the state contribution to employee group insurance by \$20 per month in each year of the biennium. This increase will absorb most of the increased costs of employee insurance during the next two years. The cost of this proposal is \$3.64 million in FY94 and \$7.29 million in FY95. The general fund share is \$1.65 million in FY94 and \$3.35 million in FY95.

The state group insurance program provides state employees and their dependents medical, dental, and life insurance. State law requires that state retirees be allowed to participate in the state insurance program. In addition, federal law, the Consolidated Omnibus Budget Reconciliation Act (COBRA), mandates that coverage under the state insurance program be provided to certain other individuals such as terminated employees, former employees who voluntarily terminated their employment, employee's former dependents who are now adults, employee's former spouses and former employee's dependents. The length of time that coverage is mandated under COBRA is generally eighteen months, but may be up to thirty-six months.

The state contribution to pay for these benefits is considered part of pay and is negotiated as such. The following table lists the state contribution level since FY78 and the proposed contribution levels for FY92 and FY93.

### State Contribution History

<b>Fiscal Year</b>	<b>Monthly Contribution</b>	<b>Annual Contribution</b>
1978	\$20	\$240
1979	\$30	\$360
1980	\$50	\$600
1981	\$60	\$920
1982	\$70	\$840
1983	\$80	\$960
1984	\$90	\$1,080
1985	\$100	\$1,200
1986	\$105	\$1,260
1987	\$115	\$1,380
1988	\$115	\$1,380
1989	\$115	\$1,380
1990	\$130	\$1,560
1991	\$150	\$1,800
1992	\$170	\$2,040
1993	\$190	\$2,280
*1994	\$210	\$2,520
*1994	\$230	\$2,760

\*Proposed State Contribution rates

Prior to 1979, individual agencies were allowed to provide their own health insurance plans. These plans had varying costs and benefit levels. Beginning April, 1979, the state adopted unified health coverage and purchased insurance from private carriers. In FY81, the state began limited self-insurance with a "minimum premium plan". That plan allowed the state to build up cash reserves and start full self-insurance in FY83.

The state contribution and/or employee premium levels must be increased in the coming biennium to maintain the plan on an actuarially sound basis. As of September 1, 1992, there was an unallocated reserve in the insurance fund of less than \$3 million. This reserve will not allow current benefit levels

to continue through the next biennium without an increase in revenues into the plan. In addition to the proposed increase in state contribution levels, a combination of cost containment and/or increased cost sharing for employees will likely have to be implemented during FY94-95 to maintain the plan on an actuarially sound basis.

The following table shows the group insurance program actual income, expenditures, operating excess or (loss), total reserve, required reserve, and unallocated reserve since September of 1991 and the projections for plan years 93, 94 and 95. The required reserve is the amount of reserve that is allocated for claims that have been incurred by plan members but not yet submitted for payment and for claims fluctuation. The projections for FY94 and FY95 include the proposed increase in the state contribution, but do not include any cost containment measures, benefit reductions, or increased cost sharing for employees. A combination of these measures must be adopted to reduce the projected plan losses and maintain the plan on an actuarially sound basis.

**Self-Insured Group Health Insurance Program  
Income and Expenses  
(millions)**

Plan Year	Actual	Actual		- - - Projected - - -	
	<u>90-91</u>	<u>91-92</u>	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>
<u>Operations</u>					
Income	\$28.197	\$32.488	\$35.966	\$39.857	\$43.809
Expenses	<u>28.269</u>	<u>31.492</u>	<u>35.066</u>	<u>39.400</u>	<u>44.884</u>
Excess (Loss)	<u>\$ ( .071 )</u>	<u>\$ .996</u>	<u>\$ .900</u>	<u>\$ .457</u>	<u>( \$1.075 )</u>
<u>Reserves</u>					
Year End Balance	10.753	11.649	12.550	13.007	11.932
Required Reserve	<u>7.971</u>	<u>8.860</u>	<u>9.853</u>	<u>11.155</u>	<u>12.803</u>
Unalloc Reserve	2.682	2.789	2.696	1.853	( .871 )



## Full-Time Equivalent (FTE) Positions in State Government

The Executive Budget reflects the Governor's commitment to reducing the size of state government. The recommended FTE levels for state government in FY94 and FY95 are 87.47 FTE below and 51.06 FTE above the current FY93 FTE levels.

The table below illustrates the change in FTE for the agencies under the control of the executive, the legislative branch, elected officials (excluding the governor), the university system, and the state mutual compensation insurance fund. For all agencies reporting to the Governor, the recommended FTE levels in FY94 and FY95 are respectively 81.18 FTE below and 58.68 FTE above the current FY93 levels for those same agencies. The reductions recommended are possible because of executive initiatives including internal restructuring, reorganizations, operating efficiencies, and program reductions. The increase in FY95 is due primarily to the addition of staff for men's and women's corrections where the governor's initiatives add 114.8 FTE in FY94 and 176.67 FTE in FY95.

FULL-TIME EQUIVALENT (FTE) COMPARISONS						
Agency	FY 92 Actual	FY 93 Actual*	FY 94 Recommend	FY 95 Recommend	Change From FY93 to:	
					FY 94	FY 95
FTE reporting to Governor	9,966.33	9,969.19	9,888.01	10,027.87	(81.18)	58.68
Legislative Branch	141.95	153.05	135.72	140.89	(17.33)	(12.16)
Elected Officials	1,081.28	1,073.15	1,039.40	1,026.90	(33.75)	(46.25)
University System	3,779.38	3,728.74	3,766.93	3,769.93	38.19	41.19
State Fund	222.50	217.90	224.50	227.50	6.60	9.60

The table on the following page details the actual FY92 and current FY93 FTE levels along with recommended FTE levels for FY94 and FY95 by agency.

# Full-Time Equivalent (FTE) Positions in State Government

## Office of Budget and Program Planning Comparison of FTE Levels - FY 93 with 95 Biennium Recommendations Governor's Executive Budget Recommendation

Agency	FY92	FY93	FY94	FY95	Change from FY93 to:	
	Actual	Actual*	Recomm	Recomm	FY94	FY95
Legislative Auditor	67.50	67.50	63.50	63.50	(4.00)	(4.00)
Legislative Fiscal Analyst	17.50	18.00	17.00	17.00	(1.00)	(1.00)
Legislative Council	45.70	55.70	42.97	48.14	(12.73)	(7.56)
Environmental Quality Council	7.00	7.00	7.00	7.00	0.00	0.00
Consumer Council	4.25	4.85	5.25	5.25	0.40	0.40
Judiciary	93.50	94.00	92.50	92.50	(1.50)	(1.50)
Chiropractic Legal Panel	0.00	0.00	0.00	0.00	0.00	0.00
Governor's Office	59.50	58.50	60.00	60.50	1.50	2.00
Secretary of State's Office	35.25	35.25	35.25	35.25	0.00	0.00
Commissioner of Pol Practice	3.25	3.25	3.25	3.25	0.00	0.00
State Auditor's Office	70.00	71.00	67.67	67.67	(3.33)	(3.33)
Office of Public Instruction	145.36	140.23	143.73	143.73	3.50	3.50
Billings Vo-Tech	42.80	42.80	42.48	42.48	(0.41)	(0.41)
Butte Vo-Tech	38.65	39.52	38.65	38.65	(0.87)	(0.87)
Great Falls Vo-Tech	57.30	57.30	57.46	57.46	0.16	0.16
Helena Vo-Tech	60.00	60.00	56.64	56.64	(3.36)	(3.36)
Missoula Vo-Tech	63.28	63.28	61.64	61.64	(1.64)	(1.64)
Crime Control Division	19.00	18.00	18.00	18.00	0.00	0.00
Highway Traffic Safety	8.50	8.50	8.50	8.50	0.00	0.00
Department of Justice	659.42	655.92	626.50	614.00	(29.42)	(41.92)
Public Service Regulation	47.00	47.00	44.00	44.00	(3.00)	(3.00)
Board of Public Ed	4.00	4.00	4.00	4.00	0.00	0.00
Commissioner of Higher Ed	73.15	69.38	83.45	86.45	14.07	17.07
University of Montana	1033.03	1033.44	1029.89	1029.89	(3.55)	(3.55)
Montana State University	1097.31	1086.56	1097.57	1097.57	11.01	11.01
Montana Coll Min Sc & Tech	235.42	235.42	233.20	233.2	(2.22)	(2.22)
Eastern Montana College	342.20	326.60	358.97	358.97	32.37	32.37
Northern Montana College	201.55	201.55	196.42	196.42	(5.13)	(5.13)
Western Montana College	125.24	125.24	119.30	119.3	(5.94)	(5.94)
Ag Experiment Station	275.88	253.26	258.40	258.4	5.14	5.14
Cooperative Extension Service	117.83	118.65	117.83	117.83	(0.82)	(0.82)
Forestry & Cons Exper Station	15.65	15.65	15.03	15.03	(0.62)	(0.62)
School for the Deaf & Blind	85.38	85.38	84.60	84.60	(0.78)	(0.78)
Montana Arts Council	8.97	8.97	9.97	9.97	1.00	1.00
Library Commission	38.22	37.20	29.50	29.50	(7.79)	(7.79)
Montana Council on Vo-Ed	2.50	2.50	2.50	2.50	0.00	0.00
Historical Society	50.64	51.64	51.88	51.88	0.24	0.24
Fire Services Training	5.22	5.44	5.44	5.44	0.00	0.00
Dept of Fish, Wildlife & Parks	601.63	599.30	562.01	560.43	(37.38)	(38.96)
Dept of Health & Env Sciences	411.64	422.54	431.09	432.64	8.55	10.10
Dept of Highways	2,004.77	2,020.07	2,005.62	2,005.62	(14.45)	(14.45)
Dept of State Lands	362.01	372.03	366.25	366.84	(5.78)	(5.19)
Dept of Livestock	123.71	119.71	124.71	126.21	5.00	6.50
Dept of Natural Resource & Con	267.70	267.70	250.42	249.92	(17.28)	(17.78)
Dept of Revenue	771.05	776.21	780.39	780.39	4.18	4.18
Dept of Administration	320.64	326.64	320.99	324.99	(5.65)	(1.65)
State Fund	222.50	217.90	224.50	227.50	6.60	9.60
Public Employee Retirement Bd	20.00	20.00	21.00	21.00	1.00	1.00
Teachers Retirement Board	11.50	11.50	11.50	11.50	0.00	0.00
Dept of Agriculture	102.95	102.00	98.09	96.76	(4.00)	(5.33)
Dept of Correct & Human Svcs	2,088.46	2,057.64	2,053.81	2,188.69	(3.83)	131.05
Dept of Commerce	332.74	340.52	334.31	335.31	(6.21)	(5.21)
Labor & Industry	680.75	670.43	650.10	650.10	(20.33)	(20.33)
Adjutant General	99.85	103.25	105.25	104.50	2.00	1.25
Dept of Social & Rehab Serv	910.90	918.15	921.40	921.40	3.25	3.25
Dept of Family Services	601.60	587.60	603.18	603.18	15.58	15.58
<b>Total</b>	<b>15,191.44</b>	<b>15,142.03</b>	<b>15,054.56</b>	<b>15,193.0</b>	<b>(87.47)</b>	<b>51.06</b>

\* Actual FTE from all sources as of 10/16/92



## Supplemental Requests

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The executive budget recommends \$22,329,931 of general fund supplemental appropriations in FY93. All supplemental requests are described below by appropriations subcommittee and summarized on the table which follows this narrative. All recommendations are contained in **HB3** requested by the OBPP, except that special litigation costs for the Department of Justice are recommended in separate **HB13** to enable immediate consideration of this item.

### General Government and Transportation - Section A

#### Judiciary

Law Library: General fund - \$37,712 for online database legal research conducted by other agencies and entities, offset by fees deposited to the general fund.

#### State Auditor

Warrant Writing System: General fund - \$155,000 for the costs of mailing state warrants, comprised of the \$57,000 appropriation transfer from FY93 to FY92 and the \$98,000 FY93 shortfall.

#### Department of Justice

Legal Services: General fund - \$1,099,500 for special litigation costs of (a) two school funding, (b) Crow coal, and (c) Blackfeet suits. Due to severe cash flow needs, this supplemental is included in a separate bill to enable immediate legislative consideration, prior to the customary timetable for HB3 action.

County Attorney Payroll: General fund - \$35,000 for salaries and benefits which are determined by county commissioners, but paid by the department, and which required an appropriation transfer of \$95,000 from FY93 to meet FY92 obligations.

Transportation of Prisoners: General fund - \$150,000 to reimburse valid county costs, as required by statute, based on both FY93 underfunding and transfer of \$65,000 from FY93 to FY92 to meet obligations last year.

Highway Patrol Retirement: State special revenue highway account -\$280,000 due to HB77, passed by the 1991 regular session, which increased the employer's share of this retirement system by 9.53% and is projected to cost nearly \$560,000 in FY93.

Highway Patrol Prisoner Costs: State special revenue highway account - \$383,000 due to legislation passed by the 1991 regular session which removed the fixed rate for incarceration in local detention centers and allows counties to identify and bill their costs, including capital construction and depreciation.

#### Department of Transportation

Motor Pool: Proprietary fund - \$593,500 to replace 53 vehicles in order to maintain the current level fleet at 197 units, with a request turndown rate of 14% and denial of more than 30 lease requests. Increased usage is resulting from cost-savings measures by state agencies which prohibit reimbursement for most, more expensive personal car mileage.

#### Department of Revenue

Property Assessment: General fund - \$910,000 for costs of statewide reappraisal which required a \$910,000 appropriation transfer from FY93 to FY92.

Income Tax Division: General fund - \$19,217 for the staff overtime required to complete the 1991

individual income tax tape and provide a copy to the Legislative Fiscal Analyst, as requested by the Revenue Oversight Committee.

### **State Compensation Mutual Insurance Fund**

Compensation and Medical Benefits: Proprietary fund - \$18,741,000 for projected benefits payments, which can vary significantly and, therefore, the request may be adjusted during session.

### **Department of Military Affairs**

Disaster and Emergency Services: General fund - \$8,000 for outside legal counsel required because the agency does not have a staff attorney to handle suits and federal agreements preclude use of federal revenue for this purpose.

Air National Guard: General fund - \$14,352 for three legal actions, two of which are being handled by Dept. of Justice Agency Legal Services, but none of which can be paid for with federal revenue.

Veterans Affairs Division: General fund - \$1,800 for office space in Butte at \$200 per month due to closure of the rent-free office on October 1, 1992.

### **Human Services - Section B**

#### **Department of Health and Environmental Sciences**

Water Quality Bureau: General fund - \$145,962 for dramatic increases in subdivision activity which result in application fees deposited to the general fund, with the appropriation contingent upon deposit of dollar-for-dollar fee revenue to the general fund.

#### **Department of Labor and Industry**

Employment Relations Division: Proprietary fund - \$125,000 for benefit payments from the subsequent injury fund and the uninsured employer fund, for which the department is requesting statutory appropriation authority beginning in FY94.

#### **Department of Social and Rehabilitation Services**

TEAMS: General fund - \$175,000 and matching federal special revenue - \$325,000 for fully operational computer processing costs.

Support Services Division: General fund - \$77,279, state special revenue - \$26,971, and federal special revenue - \$92,750 for department postage due primarily to expanding federal notification requirements.

MEDS Contract: General fund - \$65,000 and federal special revenue - \$65,000 to provide the independent disability determination reviews for medically needy persons applying for Medicaid and for state medical clients who may be eligible for Medicaid, thereby reducing general fund expenses.

Nurse Aide Registry: General fund - \$82,721 and federal special revenue - \$82,721 to pay the Department of Health and Environmental Services for costs related to nurse aide certification, registry and abuse investigation which are federally-mandated functions (OBRA87).

AFDC Benefits: General fund - \$1,069,723, state special revenue - \$29,897, and federal special revenue - \$1,064,177 due to a projected caseload of 11,474 per month compared with the 10,904 average caseload budgeted.

General Assistance Benefits: General fund - \$368,072 due to a projected caseload of 1,080 per month compared with the 979 average caseload budgeted.



## Supplemental Requests

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Medicaid Primary Care: General fund - \$8,415,196, state special revenue - \$1,638,000, and federal special revenue - \$18,900,058 due to a budgeted inflation factor of 10% from the FY91 base to FY92 compared with an actual increase of 15%, plus a budgeted factor of 5% from FY92 to FY93 compared with a projected rate of 17%, offset by \$4.4 million in savings from the PASSPORT Program and other adjustments.

FY92 Primary Care Accrual: General fund - \$1,008,795 and federal special revenue - \$2,604,779 due to unforeseen increase in medical primary care costs attributable to FY92 services provided.

Day Care: General fund - \$84,585 and federal special revenue - \$145,543 due to a 10% increase in days of care provided, resulting from about a 60% increase in JOBS and AFDC transitional-related service, partially offset by a limit on slots for AFDC training-self-initiated day care implemented in FY93.

Vocational Rehabilitation Services: General fund - \$71,219 and federal special revenue - \$(71,219) due to a new federal matching rate of 78.8% replacing the prior 80% rate effective October 1, 1992, and to federal elimination of two-tier calculation for Section 110 expenditures.

### Department of Family Services

Pine Hills School: General fund - \$189,244 comprised of school trust interest and income shortfall of \$17,751 in FY92 and \$36,217 in FY93, plus fewer federal boarders for revenue shortfall of \$47,276 in FY92 and no federal boarders for shortfall of \$88,000 in FY93.

Mountain View School: General fund - \$15,000 due to no federal boarders in FY93.

Foster Care: General fund - \$1,218,171 due to increasing caseloads over those estimated during the 1991 regular session.

In-Patient Youth Psychiatric Services: General fund - \$1,437,411 for Medicaid match [in SRS] for costs comprised of \$282,901 for FY92 shortfall and \$1,154,510 for the projected FY93 shortfall due to the unanticipated increase in utilization of the Medicaid program.

Residential Youth Psychiatric Services: General fund - \$379,252 due to the projected opening of Shodair and the unanticipated increase in utilization of services.

### Natural Resources and Commerce - Section C

#### Department of Fish, Wildlife and Parks

Enforcement Division: State special revenue - \$64,000 for termination costs of five retiring wardens, which can not be absorbed without reducing remaining enforcement.

#### Department of State Lands

Fire Suppression: General fund - \$1,303,097 for the \$248,558 appropriation transfer from FY93 to FY92, the cost of fires for the summer and fall of 1992, the cost of federal assistance on state fires, and the estimated cost of 1993 spring fires, less the \$1 million appropriated for fire suppression during the July special session. Because the federal assistance is preliminary and spring fires are estimated, the request may be adjusted during session.

#### Department of Livestock

Meat and Poultry Inspection: General fund - \$105,512 and federal special revenue - \$105,512 to continue the services authorized by the Governor and the Legislative Finance Committee in FY92.

**Corrections and Cultural Education - Section D**

**Department of Corrections and Human Services**

Corrections: General fund - \$1,031,695 including \$703,500 for medical costs which exceeded projections, \$281,400 for food and other variable costs of an average daily inmate population of 1,303 which is 168 higher than budgeted, and \$46,795 for partial recovery of the \$122,795 appropriation transfer from FY93 to FY92.

Workers Compensation: General fund - \$2,538,543 for the rate increase received by the department following the July special session, which could not be absorbed due to vacancy savings, earlier budget reductions and court-mandated services requirements.

**K-12 Education and Higher Education - Section E**

**Board of Public Education**

Legal Fees and Court Costs: General fund - \$40,813 comprised of \$7,702 for the FY93 transfer to FY92, \$10,311 for the Associated Press lawsuit and \$22,800 for the school funding lawsuit, MREA underfunded lawsuit and hearing examiners.

**Commissioner of Higher Education**

Student Assistance: General fund - \$11,617 for the WICHE (Western Interstate Commission for Higher Education) student exchange contract due to final costs exceeding projections used in the July special session.

**Montana School for the Deaf and the Blind**

Workers Compensation: General fund - \$13,043 for a maintenance and kitchen staff rate increase from 7.9% to 16.96% in FY93.

Sign Language Interpreters: General fund - \$52,400 due to increase in the number and diversity of deaf students taking classes in the Great Falls public schools requiring and increase from 7.00 FTE interpreters to 9.50 FTE interpreters.

**Summary of Recommended  
Supplemental Appropriations  
Fiscal Year 1993**

Code Agency	General Fund	State Special	Federal Spec	Propr	TOTAL
Judiciary	\$37,712	\$0	\$0	\$0	\$37,712
State Auditor	155,000	0	0	0	155,000
Dept of Justice	1,284,500	663,000	0	0	1,947,500
Dept of Transportation	0	0	0	593,500	593,500
Dept of Revenue	929,217	0	0	0	929,217
State Fund	0	0	0	18,741,000	18,741,000
Dept of Military Affairs	<u>24,152</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,152</u>
Section A Subtotal	\$2,430,581	\$663,000	\$0	\$19,334,500	\$22,428,081
Dept Health & Env Sci	\$145,962	\$0	\$0	\$0	\$145,962
Dept of Labor & Industry	0	0	0	125,000	125,000
Dept of SRS	11,417,590	1,694,868	23,208,809	0	36,321,267
Dept of Family Serv	<u>3,239,078</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,239,078</u>
Section B Subtotal	\$14,802,630	\$1,694,868	\$23,208,809	\$125,000	\$39,831,307
Dept of Fish, Wildlife & Parks	0	64,000	0	0	64,000
Dept of State Lands	1,303,097	0	0	0	1,303,097
Dept of Livestock	<u>105,512</u>	<u>0</u>	<u>105,512</u>	<u>0</u>	<u>211,024</u>
Section C Subtotal	\$1,408,609	\$64,000	\$105,512	\$0	\$1,578,121



## Supplemental Requests

Code Agency	General Fund	State Special	Federal Spec	Propr	TOTAL
Dept of Corrections & HS: Sec D	\$3,570,238	\$0	\$0	\$0	\$3,570,238
Board of Public Ed	\$40,813	\$0	\$0	\$0	\$40,813
Comm Higher Ed	11,617	0	0	0	11,617
School for Deaf & Blind	<u>65,443</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65,443</u>
Section E Subtotal	\$117,873	\$0	\$0	\$0	\$117,873
TOTAL SUPPLEMENTALS	<u>\$22,329,931</u>	<u>\$2,421,868</u>	<u>\$23,314,321</u>	<u>\$19,459,500</u>	<u>\$67,525,620</u>

The Grade Change Report is in compliance with Section 17-7-123, MCA, which requires a report of pay grade changes that have occurred during the 1993 biennium. The report covers positions under the pay schedules adopted in Section 2-18-303, MCA. Positions exempt from these pay schedules are not included. The report includes data on the cost of the grade change and a reason for the grade change. The changes are from the period July 1, 1991 through July 10, 1992.

Only summary tables are included in this budget document. A detail list of positions that have changed is available from the Office of Budget and Program Planning and the Legislative Fiscal Analyst.

The narrative below explains how to interpret the data in the report. The data for the Grade Change Report was compiled by the Classification Bureau, State Personnel Division, Department of Administration.

### **COSTS**

The cost associated with each grade change was calculated using the FY 93 pay schedules established in Section 2-18-303, MCA. The cost of grade changes was calculated based only on the change in grade and is not related to incumbents or whether the position was vacant during part of the reporting period. To insure uniformity all calculations were based upon the annual rate for the grade at the market rate in the pay schedule. The grade change was assumed to be effective at the beginning of each fiscal year. FTE information for each university system position is not readily available so they were all calculated on the assumption that each position is equal to 1.00 FTE.

Because of the methods of calculation and assumptions used the cost is not a true cost for the 1993 biennium. The effect of the grade change reflects the annual increase or decrease for each position for FY 94 and FY 95 provided there are no further grade changes.

### **REASONS FOR GRADE CHANGES**

Grade changes are reported by the reason for the change. The explanation of reasons for grade changes are divided into three categories: agency management initiated; Classification Bureau initiated; and employee appeals.

To understand why grade changes occur, it is necessary to explain some of the basics of how the classification system works. One of the reasons for a classification system is to determine how an employee should be compensated for performing the work assigned to a position. Specific criteria such as complexity of work, accountability and responsibility are used to group positions into classes and to rank classes in a grade hierarchy from one to twenty-five.

The classifications of positions can and do change. There are two major reason why there is change: the assigned duties and responsibilities are changed or it is determined that the position was originally incorrectly classified.

### **AGENCY MANAGEMENT INITIATED ACTIONS**

An agency can initiate an action to reclassify a position at anytime. These actions originate when an agency changes the duties and responsibilities of a position. Duties change because of reorganizations, changes in programs, changes in equipment, reductions in force and other related reasons. Usually when such a change occurs the resulting grade change is one or two grades within the same or similar class series. Some changes to positions result when the agency wants to use the position for a completely different purpose. An example of this is changing a clerical position into a lawyer position.

Many grade changes occur due to the administration of a class series career ladder. Some class series are administered in such a way that as a new employee gains experience and training, duties and



## Grade Change Report

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responsibilities change. This results in the position being upgraded. This also works in reverse; when a upper level position becomes vacant, it is downgraded and filled at the entry level. Examples include Civil Engineers in the Department of Transportation, Information Systems Specialists, Bank Examiners and Data Entry Operators. The Highway Patrol Officer series and Teachers also are administered in a similar manner, except that the salient requirements to advance to a higher level are the results of collective bargaining.

In initiating reclassification actions, agencies are required to document the duties and responsibilities of a position on a Position Description form, provide justification and make a recommendation on what kind of change is wanted. Except for some delegated actions, the Classification Bureau staff in the State Personnel Division reviews agency requests to insure that they meet classification criteria and approves all classification actions.

### CLASSIFICATION BUREAU INITIATED ACTIONS

MCA 2-18-203 provides that the Department of Administration shall continuously review all positions on a regular basis. On an ongoing basis, reviews are conducted in order to rewrite class specifications, to make changes and improvements in methodology, and to address problems in the administration of a particular class. Changes in positions result when it is determined that a position is in the wrong class or the grade of an entire class should be changed. The Bureau also initiates reviews as a result of changes made through the appeals process. Occasionally a decision made in the appeals process has a "domino effect" on other positions.

Reviews conducted by the Bureau can be viewed as an audit function that is important to insure (1) the integrity of the classification system and (2) that agencies are administering the system correctly. Typically, when the Bureau initiates a change, agencies are consulted and arrangements are made so that they can plan for and absorb the impact.

### APPEALS

An employee can initiate an action to change his/her classification by filing an appeal. The appeals process is administered by the Board of Personnel Appeals (BPA). The law allows employees to appeal the allocation of their position to a class. The grade of the class is not appealable (2-18-203, MCA).

When an appeal is filed the decision to change a position is made by the Classification Bureau (step III) or by the BPA (step IV of the appeals process). When the BPA upgrades a position they are disagreeing with the Classification Bureau.

### **SUMMARY**

The explanation for each grade change is shown in the report as follows:

- A. Agency Management Initiated Changes
  - 1. Change in duties due to reorganizations, program changes, reduction in force, equipment changes, etc.
  - 2. Different use of an FTE.
  - 3. Administration of class series career ladders.
  - 4. Administration of collective bargaining agreements
  - 5. Other (correct errors, pay exceptions, etc)
- B. Classification Bureau Initiated Changes.
  - 1. Class series reviews and revision in classification methods.

## Grade Change Report

2. Other (follow through on appeals, correct errors, etc)

### C. Appeals

1. Changes made by the classification Bureau at Step III.
2. Changes made by the BPA at Step IV.

The following tables summarize the grade changes.

Table 1: Agency summary of number of grade changes and changes as a percentage of FTE for the 93 biennium.

Table 2: Statewide summary of number of grade changes by reason for the 93 biennium.

93 Biennium						
Agency	FTE	Upgrades		Downgrades		Net Cost
	06/30/92	#	%	#	%	
Gov. Office	56.88	0	0.0%	1	1.8%	(\$11,486)
Fish, W'life & Parks	600.32	24	4.0%	9	1.5%	\$59,132
Health and Env Sci	410.27	59	14.4%	8	1.9%	\$326,405
Transportation	2003.77	88	4.4%	6	0.3%	\$590,415
State Lands	358.95	39	10.9%	5	1.4%	\$163,069
Livestock	122.71	3	2.4%	0	0.0%	\$18,458
Nat Resr & Cons	258.49	27	10.4%	6	2.3%	\$97,894
Revenue	768.03	48	6.2%	8	1.0%	\$220,979
Administration	350.14	45	12.9%	9	2.6%	\$155,769
Agriculture	99.77	11	11.0%	1	1.0%	\$69,457
Correct & Human Serv	2080.67	35	1.7%	7	0.3%	\$173,608
Commerce	328.74	20	6.1%	13	4.0%	(\$5,805)
Labor & Industry	679.75	23	3.4%	9	1.3%	\$100,753
Military Affairs	99.85	4	4.0%	0	0.0%	\$25,996
Soc & Rehab Serv	905.40	248	27.4%	42	4.6%	\$962,317
Family Services	599.03	56	9.3%	21	3.5%	\$129,943
Sub Total	9722.77	730	7.5%	145	1.5%	\$3,076,904
Secretary of State	35.25	1	2.8%	0	0.0%	\$2,826
Comm Pol Prac	3.25	0	0.0%	1	30.8%	(\$230)
State Auditor	70.00	1	1.4%	0	0.0%	\$3,032
Office Pub Inst	142.61	19	13.3%	1	0.7%	\$127,271
Brd Crime Control	19.00	1	5.3%	2	10.5%	(\$9,934)
Hwy Traffic Safety	8.00	1	12.5%	0	0.0%	\$4,432
Justice	649.73	28	4.3%	17	2.6%	\$59,375
Public Service Comm	47.00	5	10.6%	0	0.0%	\$34,982
Brd Pub. Ed.	89.18	2	2.2%	0	0.0%	\$8,870
State Library	38.22	2	5.2%	0	0.0%	\$7,963
Historical Society	50.64	4	7.9%	1	2.0%	\$14,322



## Grade Change Report

93 Biennium						
Agency	FTE	Upgrades		Downgrades		Net Cost
	06/30/92	#	%	#	%	
Historical Society	50.64	4	7.9%	1	2.0%	\$14,322
Mt. Arts Council	8.97	0	0.0%	0	0.0%	\$0
Vo Ed Adv Council	2.50	0	0.0%	0	0.0%	\$0
Sub Total	1164.35	64	5.5%	22	1.9%	\$252,909
University System	3537.14	123	3.5%	16	0.5%	\$459,569
Vo Tech	262.12		0.0%		0.0%	\$0
Total	14686.38	917	6.2%	183	1.2%	\$3,789,382

Grade Change Report Summary of Changes by Reason				
	Upgrades 93 Biennium		Downgrades 93 Biennium	
	#	%	#	%
A. Agency Initiated				
1. Changes In Duties	635	71.19%	76	42.0%
2. Different Use Of FTE	61	6.84%	50	27.6%
3. Career Ladder	107	12.00%	45	24.9%
4. Bargaining Agreements	32	3.59%	1	0.6%
5. Other	44	4.93%	0	0.0%
SUBTOTAL	879	98.54%	172	95.0%
B. Class. Bureau				
1. Class Reviews	28		9	5.0%
2. Other	0		2	1.1%
SUBTOTAL	28	3.14%	11	6.1%
C. Appeals				
1. Class. Bureau Step 3	7		0	0.0%
2. Bd Of Pers Appeals Step 4	3		0	0.0%
SUBTOTAL	10	1.12%	0	0.0%
TOTAL	917		183	

### Current Level Base Starting Point

Numerous adjustments to the FY92 actual expenditures were made in all agencies to arrive at the current level base for the 1995 biennium. The adjustments are discussed below.

### **Personal Services**

Personal services were budgeted based on incumbent data as of the payroll period ending June 26, 1992, and include all grade changes approved by the Personnel Division of the Department of Administration through October 1, 1992. For budgeting purposes it is assumed any additional increases will be offset by staff turnover and replacement staff hired at a lower entry level.

Workers' Compensation and Unemployment Insurance rates vary from agency to agency. Each agency has a different rate based on its own experience. FY93 rates were adjusted to projected FY94 and FY95 levels based on advice provided by representatives of the State Mutual Insurance Compensation Fund and the Department of Labor and Industry, respectively. Since providing that advice, the state fund has increased rates 5% for FY93 and indicated its intention to adopt additional increases for FY94 and FY95. By mutual agreement with the Office of the Legislative Fiscal Analyst, these additional increases are not added to current level. Because the administration does not support vacancy savings and vacancy savings is not recommended, for budgeting purposes it is assumed agencies will mitigate these increases through staff turnover savings.

The employers contribution for retirement systems were altered for the biennium when appropriate. The rate for the Public Employees Retirement System (PERS) is increased from 6.417% for FY92 and 6.55% for FY93 to 6.7% for FY94 and FY95. The rate for the Teachers Retirement System (TRS) is not scheduled to increase and was maintained at 7.459%. The health insurance contribution was funded at \$190 per month per employee.

During the 1993 biennium, there was significant impact on personal services costs from the federal Fair Labor Standards Act of 1938 (FLSA) and the 1985 U.S. Supreme Court decision that all public employees are subject to the overtime provisions, which means they must be compensated at a rate 1.5 times the regular hourly rate for hours worked in excess of 40 hours per week. In 1990, the Ninth Circuit District Court of Appeals held that employees who have their salaries docked for absences of less than one day are not "salaried employees", are not exempt from FLSA, and must be paid overtime pay for hours worked in excess of 40 (Abshire v. Kern County).

When four lawsuits related to these issues were filed against the state affecting at least nine departments, almost all agencies internally reviewed the designation of positions with respect to provisions of the FLSA. In most instances, a majority of agency positions were reclassified from exempt from payment of overtime to nonexempt, that is, subject to overtime provisions. At least seven agencies negotiated voluntary payouts to employees for up to two years of back overtime wages for employees reclassified from exempt to nonexempt: DFS, FWP, DOT, Justice, DOC, DNRC and the Historical Society. For budgeting purposes, FY92 actual overtime compensation was used in most instances. It is assumed that fewer hours of overtime will be authorized for employees receiving overtime compensation and that agencies will manage additional overtime costs through staff turnover savings and other management decisions.

Vacancy savings is not applied in the executive budget. There are 2,088 hours in FY94 and in FY95. Personal services are fully funded based on these factors and include the final 20 cents per hour authorized for January 1, 1993.



## 1995 Executive Budget Parameters

### Inflation

A general, across-the-board inflation factor was not applied to agency budgets for the 1995 biennium. Instead, selected expenditure items were inflated. The table below lists the expenditure items that were adjusted and the rate of inflation/deflation that was applied to the FY92 actual expenditures.

### INFLATION (DEFLATION) FACTORS USED IN THE EXECUTIVE BUDGET

EXPENDITURE			
<u>OBJECT</u>	<u>OBJECT NAME</u>	<u>FY 94</u>	<u>FY 95</u>
2105	Janitorial Services	3.30%	6.50%
2106	Laboratory Testing	11.50%	18.20%
2107	Laundry	3.30%	6.50%
2109	Physical Examination	11.50%	18.20%
2110	Caretaker Services/Other	3.30%	6.50%
2116	Medical Services	11.50%	18.20%
2117	Board & Room	5.40%	8.80%
2118	Misc. Med	11.50%	18.20%
2119	Dentistry	11.50%	18.20%
2145	Food Services	5.40%	8.80%
2170	Prescription Services	11.50%	18.20%
2172	Computer Processing/DoA	-30.00%	-38.00%
2177	Info Cent Ser/DoA	14.00%	21.00%
2183	Operational Support/DoA	15.00%	15.00%
2190	Printing/Pubs & Graphics	12.00%	13.00%
2191	Printing/Other Provider	15.00%	19.00%
2193	Photocopy Pool Services	0.00%	20.00%
2205	Food	5.40%	8.80%
2208	Laboratory Equip & Supplies	11.50%	18.20%
2209	Medical & Hosp Supp & Equip	11.50%	18.20%
2210	Minor Tools, Instrum & Equip	3.30%	6.50%
2211	Coarse Paper/Central Stores	7.39%	5.42%
2212	Photo & Reproduction	3.30%	6.50%
2214	Printing	12.00%	13.00%
2216	Gasoline	4.30%	9.10%
2219	Forms/Central Stores	-0.57%	-3.47%
2220	Forms/Non-State Provider	3.30%	6.50%
2222	Drugs	11.50%	18.20%
2225	Books & Reference Materials	3.30%	6.50%
2226	Fine Paper/Central Stores	5.64%	4.55%
2229	Shop Supplies/Tools/Minor Equip	3.30%	6.50%
2232	Safety Supplies/Minor Equip	3.30%	6.50%
2233	Paper/Non-State Provider	3.30%	6.50%
2236	Office Supplies/Central Stores	8.13%	3.99%
2241	Office Supplies/Non-State Prov	3.30%	6.50%
2242	Diesel Fuel	4.30%	9.10%
2245	Data Processing Supplies	3.30%	6.50%
2251	Meat	5.40%	8.80%
2252	Dairy	5.40%	8.80%
2253	Produce	5.40%	8.80%
2254	Bakery	5.40%	8.80%
2256	Janitorial/Central Stores	-0.05%	-1.44%
2257	Laundry	3.30%	6.50%
2258	Linens & Bedding	3.30%	6.50%

# 1995 Executive Budget Parameters

EXPENDITURE			
<u>OBJECT</u>	<u>OBJECT NAME</u>	<u>FY 94</u>	<u>FY 95</u>
2259	Kitchen Supplies & Utensils	3.30%	6.50%
2264	Grocery	5.40%	8.80%
2265	Miscel. Medications	11.50%	18.20%
2267	Paper Products	3.30%	6.50%
2275	Poultry	5.40%	8.80%
2277	Sugar	5.40%	8.80%
2278	Beverages	5.40%	8.80%
2279	Red Meat	5.40%	8.80%
2288	Canned Goods	5.40%	8.80%
2289	Staples	5.40%	8.80%
2290	Office Supplies/Internal	3.30%	6.50%
2291	Sea Foods	5.40%	8.80%
2292	Pork	5.40%	8.80%
2294	Tree Marking Paint	4.30%	9.10%
2295	Janitorial/Non-State Proc	3.30%	6.50%
2296	Computer Paper/Central S.	7.26%	7.08%
2297	Propane Vehicle Fuel	4.30%	9.10%
2304	Postage and Mailing	3.60%	3.40%
2370	Telephone Equip Charge/DoA	-21.00%	-26.00%
2371	Telephone Equip Charge/Non-DoA	4.00%	6.00%
2372	Telephone Add/Move/Change	9.00%	14.00%
2373	Telephone Equip Maintenance	10.00%	15.00%
2376	Local Voice Circuits	7.00%	9.00%
2378	Voice Circuit Add/Move/Change	6.00%	8.00%
2385	Long Distance Charge/DoA	-10.00%	-14.00%
2386	Long Distance Charge/Non-DoA	2.00%	4.00%
2401	In-State Personal Car Mileage	3.30%	6.50%
2402	In-State Commercial Transport	3.30%	6.50%
2403	In-State Aircraft Rental	3.30%	6.50%
2404	In-State State Motor Pool	-9.43%	-9.30%
2405	In-State Other	3.30%	6.50%
2406	In-State Spec Away FR Ofc Allw	3.30%	6.50%
2407	In-State Meals	3.30%	6.50%
2408	In-State Lodging	3.30%	6.50%
2409	In-State Car Rental	3.30%	6.50%
2410	In-State Meals Overnight	3.30%	6.50%
2411	Out-Of-State Personal Car Mlge	3.30%	6.50%
2412	Out-Of-State Commercial Trans	3.30%	6.50%
2413	Out-Of-State Aircraft Rental	3.30%	6.50%
2414	Out-Of-State Motor Pool	3.30%	6.50%
2415	Out-Of-State Other	-9.43%	-9.30%
2416	Out-Of-State Away Fr Hme Allow	3.30%	6.50%
2417	Out-Of-State Meals	3.30%	6.50%
2418	Out-Of-State Lodging	3.30%	6.50%
2419	Out-Of-State Car Rental	3.30%	6.50%
2426	Foreign Travel	3.30%	6.50%
2430	Out-Of-State Meals-Overnight	3.30%	6.50%
2498	Non-Employee Travel	3.30%	6.50%
2504	Office Equipment	3.30%	6.50%
2507	Vehicles-Non-Travel	3.30%	6.50%
2513	Heavy Equipment	3.30%	6.50%
2517	Leased Equipment	3.30%	6.50%
2519	Photo Copy Equipment	3.30%	6.50%
2522	Software Programs	3.30%	6.50%



# 1995 Executive Budget Parameters

## EXPENDITURE

<u>OBJECT</u>	<u>OBJECT NAME</u>	<u>FY 94</u>	<u>FY 95</u>
2525	Department Aircraft Rental	3.30%	6.50%
2526	Private Aircraft Rental	3.30%	6.50%
2601	Electricity	7.65%	13.65%
2602	Fuel Oil	4.30%	9.10%
2603	Natural Gas	14.60%	16.10%
2604	Laboratory Gas	4.30%	9.10%
2605	Water & Sewage	-7.00%	-7.00%
2607	Propane	4.30%	9.10%
2702	Construction Equipment	3.30%	6.50%
2704	Office Equipment	3.30%	6.50%
2705	Shop Plant Industrial Equipment	3.30%	6.50%
2706	Vehicles - Passenger	3.30%	6.50%
2707	Vehicles - Other	3.30%	6.50%
2711	Minor Tools & Instruments	3.30%	6.50%
2712	Engineering Equipment	3.30%	6.50%
2713	Laboratory Equipment	3.30%	6.50%
2714	Photographic Equipment	3.30%	6.50%
2716	Road Oil/Fuel Depots	4.30%	9.10%
2724	Oil	4.30%	9.10%
2725	Transmission Fluid	4.30%	9.10%
2726	Grease & Lube	4.30%	9.10%
2727	Tires & Tubes	3.30%	6.50%
2730	Paint - Equipment	4.30%	9.10%
2731	Paint - Buildings	4.30%	9.10%
2743	Multi-User Computers & Terminals	3.30%	6.50%
2751	Aircraft	3.30%	6.50%
2757	Equipment Repair Parts	3.30%	6.50%
2759	Printing Equipment	3.30%	6.50%
2764	Photo Copy Equipment	3.30%	6.50%
2766	Single User Computers	3.30%	6.50%
2802	Subscriptions	3.30%	6.50%
3125	Library Books	3.30%	6.50%
3130	Bound Magazines	3.30%	6.50%
3401	Multi-User Software	3.30%	6.50%
3402	Single User Software	3.30%	6.50%
3403	Software/Central Stores	24.69%	24.69%

## Department of Administration Rent

Agencies within the capitol complex pay "rent" to the Department of Administration. This charge pays for custodial contracts, mechanical contracts, and utilities, as well as the staff responsible for the physical plant. This charge allows the state to collect monies from non-general fund sources for their share of the cost of rent. The executive budget includes rates of \$3.47 and \$3.57 per square foot for office space in FY94 and FY95 respectively, and \$2.22 per square foot for warehouse space in both FY94 and FY95. Total capitol complex rent contained in agency budgets is \$3,048,260 in FY94 and \$3,132,510 in FY95. The average annual rate of increase from FY92 to FY95 is 2.9% for office space and 0% for warehouse space.

## Grounds Maintenance

The Department of Fish, Wildlife and Parks charges a fee to all agencies located in the capitol complex for grounds maintenance. This fee pays for the capitol grounds maintenance, snow removal and water charges. In addition, the executive budget allocates 50% of the grounds costs--those which are related to benefits for the general public--such as beautification through replacement of trees and

shrubs surrounding the state capitol and the annual Montana flower planting, as well as a portion of the snow removal, to all state agencies. The executive budget includes fees of about \$0.18 per square foot of office space in the capitol complex each year of the 1995 biennium for half of the grounds maintenance costs and about \$10 per FTE (using FY92 base year data) for the remaining expenditures which benefit the entire state.

### **Insurance**

The Department of Administration, Risk Management and Tort Claims Defense Division, provides general comprehensive liability, auto liability, property insurance and other insurance for state agencies. The executive budget contains projected rates for each agency in FY94 and FY95 for general comprehensive and vehicle liability insurance, which is self insured by the state, and for commercial policies covering property, boiler, aircraft, helicopter, inland marine, fine arts, and employee bonds.

Current general liability rates are based on a five-factor formula which considers paid losses over the last five years, claims with date of loss from FY89 to present, FTE level, appropriation level, and prior billing. At the recommendation of the program actuary, the department proposed and the executive budget recommends a new allocation formula more consistent with industry standards. The new formula takes into consideration an agency's actual experience with regard to claims incurred within a recent period of time and an agency's inherent exposure as measured by FTE. The change in allocation formulae does not increase or decrease rates, per se, but merely distributes costs among agencies differently.

The total charges proposed for general comprehensive and vehicle increase by an average annual rate of 14% from FY92 to FY95. The total charges proposed for commercial coverages increase by an average annual rate of 10% from FY92 to FY95. In addition, the executive budget recommends a total charge of \$380,000 per year to fund a deductible reserve for property losses. Total insurance costs are budgeted at \$4,777,021 in FY94 and \$5,827,966 in FY95. The tort claims defense fund is projected to continue to draw down its current balance of approximately \$3.6 million, although by FY95 the rate of drawdown will decelerate. Claims expenditures tend to be highly volatile, making projections of fund balance highly tenuous. Using a five-year average of claims expenditures, the projected fund balance at the end of the 1995 biennium is approximately \$500,000.

### **Audit Costs**

Estimated costs for the 1995 biennium financial-compliance audits were provided by the Office of the Legislative Auditor and included in the executive budget. Total statewide costs associated with the audits are \$2,815,500.

### **Payroll Processing Charges**

Total payroll processing charges decrease from \$359,148 in FY92 to \$357,087 in FY94 and \$358,812 in FY95.

### **Fixed Costs Adjustments**

Fixed costs adjustments, based on the above policy decisions and assumptions, were applied to the following eight zero-based objects of expenditure:

- 2104 - Insurance and bonds
- 2113 - Warrant writing fees
- 2114 - Payroll service fees
- 2122 - Audit fees
- 2174 - DoA data network fees
- 2307 - Messenger services
- 2527 - Rent - DoA buildings
- 2770 - Grounds maintenance - FWP



## 1995 Executive Budget Parameters

### Other Adjustments

Base adjustments were made to remove one-time appropriations from the FY92 appropriation base. Positive adjustments were reviewed on a case-by-case basis. Equipment appropriations were zero based and a three-year average was targeted as reasonable in most instances. When additional equipment purchases were allowed, prices were taken from the term contract and price lists provided by the Procurement and Printing Division of the Department of Administration when possible. The Procurement and Printing Division also provided inflation factors for items purchased through Central Stores that were included in the executive budget.

### 5% Personal Services Reduction

Each agency (except those with 20 or fewer FTE, those allocated to a department for administrative purposes, and Montana University System units other than the Office of the Commissioner of Higher Education) was required to submit its current level budget request showing a 5% reduction in personal services, excluding per diem compensation for board, council and commission members and legislators, (and inmate labor), pursuant to Section 13 of HB2 adopted in the July special session. Administratively attached agencies were defined as exempt when they have control over hiring their own staff in accordance with the provisions of 2-15-121(2)(d), MCA. Thus 14 "administratively attached" agencies were exempt from the provisions and 77 were included in the current level 5% reduction requirement.

Agencies were advised to impact all funding sources proportional to the funding of personal services, unless they were recommending elimination of a program. It was unacceptable for an agency to select FTE 5% cuts in a federally-mandated or high priority service in an effort to prepare a case that would convince the 1993 Legislature to restore all of the originally-budgeted FTE. Likewise, agencies were not allowed to reduce all FTE by 5%, thereby creating an intra-agency vacancy savings. Finally, agencies were allowed to submit budget modifications to request back high priority FTE deleted from current level in accordance with these provisions. The table below shows the 5% calculations by agency and by program, although there was no mandated target by program because each agency only was required to achieve the total reduction.

### HB2 SECTION 13 PERSONAL SERVICE REDUCTIONS

This table lists the personal service reductions required under section 13 of House Bill 2. The reductions are calculated as 5 percent of personal services as shown on the post January special session operational plan including pay plan. Amounts included on this operational plan for per diem and inmate labor are excluded as shown in the table. Exemptions are granted for: (1) Agencies with 20FTE or less; (2) Agencies administratively attached to a department if exempt from Section 2-15-121(2)(d) and; (3) Units of the university system except the commissioner of higher education.

Agcy	Program	Total Personal Services	Per Diem	Inmate Labor	Net Personal Services	Reduction	Exemptions
Total	Legisl Auditor	2,299,934	10,942	0	2,288,992	114,450	
Total	LFA	742,624	0	0	742,624	0	Under 20 FTE
Total	Legisl Council	1,744,024	43,177	0	1,700,847	85,042	
Total	EQC	250,521	2,660	0	247,861	0	Under 20 FTE
Total	Consumer Counsel	225,540	0	0	225,540	0	Under 20 FTE
3101	01	787,994	0	0	787,994	39,400	
3101	02	31,633	0	0	31,633	1,581	
3101	03	34,487	0	0	34,487	1,724	

# 1995 Executive Budget Parameters

Agcy	Program	Total Personal Services	Per Diem	Inmate Labor	Net Personal Services	Reduction	Exemptions
3101	04	683,078	0	0	683,078	34,153	
3101	09	280,423	0	0	280,423	14,021	
3101	12	132,624	0	0	132,624	6,632	
3101	16	49,243	0	0	49,243	2,461	
3101	20	142,214	0	0	142,214	7,111	
Total	Governor	2,141,696	0	0	2,141,696	107,083	
3201	01	574,728	0	0	574,728	28,736	
3201	03	104,379	0	0	104,379	5,219	
3201	04	225,667	0	0	225,667	11,283	
Total	Secy of State	904,774	0	0	904,774	45,238	
Total	Comm Political Prac	93,761	0	0	93,761	0	Under 20 FTE
3401	01	222,903	0	0	222,903	11,146	
3401	02	245,906	0	0	245,906	12,295	
3401	03	858,064	0	0	858,064	42,903	
3401	04	264,733	0	0	264,733	13,236	
3401	10	309,226	0	0	309,226	15,462	
Total	State Auditor	1,900,832	0	0	1,900,832	95,042	
Total	OPI	4,637,965	0	0	4,637,965	231,898	
Total	Billings Vtc	1,518,791	0	0	1,518,791	0	U-Sys Exemp
Total	Butte Vtc	1,439,096	0	0	1,439,096	0	U-Sys Exemp
Total	Great Falls Vtc	1,779,528	0	0	1,779,528	0	U-Sys Exemp
Total	Helena Vtc	1,945,300	0	0	1,945,300	0	U-Sys Exemp
Total	Missoula Vtc	2,114,809	0	0	2,114,809	0	U-Sys Exemp
4107	Crime Control	574,752	3,550	0	571,202	0	Under 20 FTE
4108	Hwy Traffic Safety	289,679	0	0	289,679	0	Under 20 FTE
4110	01	962,007	0	0	962,007	48,101	
4110	06	497,050	0	0	497,050	24,853	
4110	07	1,177,725	0	0	1,177,725	58,885	
4110	12	4,110,428	0	0	4,110,428	205,522	
4110	13	8,890,914	0	0	8,890,914	444,546	
4110	18	1,437,026	0	0	1,437,026	71,852	
4110	19	1,342,224	0	0	1,342,224	67,112	
4110	22	356,606	0	0	356,606	17,830	
4110	28	320,637	0	0	320,637	16,031	
4110	29	490,359	0	0	490,359	24,518	
4110	32	776,237	0	0	776,237	38,812	
Total	Justice	20,361,213	0	0	20,361,213	1,018,062	
Total	Public Svs Com	1,643,327	0	0	1,643,327	82,167	



# 1995 Executive Budget Parameters

Agcy	Program	Total Personal Services	Per Diem	Inmate Labor	Net Personal Services	Reduction	Exemptions
5101	01	80,032	7,700	0	72,332	0	
5101	03	53,407	0	0	53,407	0	
Total	Bd Of Pub Educ	133,439	7,700	0	125,739	0	Under 20 FTE
5102	01	801,797	0	0	801,797	40,091	
5102	05	107,853	0	0	107,853	5,392	
5102	06	195,939	0	0	195,939	9,797	
5102	08	114,541	0	0	114,541	5,728	
5102	12	967,152	0	0	967,152	48,358	
5102	13	9,084	9,084	0	0	0	
5102	15	80,875	0	0	80,875	4,044	
Total	Comm Higher Ed	2,277,241	9,084	0	2,268,157	113,410	
Total	UM	32,449,510	0	0	32,449,510	0	U-Sys Exemp
Total	MSU	40,174,331	0	0	40,174,331	0	U-Syst Exemp
Total	MCMST	8,160,016	0	0	8,160,016	0	U-Sys Exemp
Total	EMC	11,616,594	0	0	11,616,594	0	U-Sys Exemp
Total	NMC	6,334,011	0	0	6,334,011	0	U-Sys Exemp
Total	WMCUM	4,118,624	0	0	4,118,624	0	U-Sys Exemp
Total	AES	8,591,387	0	0	8,591,387	0	U-Sys Exemp
Total	CES	4,404,822	0	0	4,404,822	0	U-Sys Exemp
Total	FCES	570,963	0	0	570,963	0	U-Sys Exemp
5113	01	173,384	0	0	173,384	8,670	
5113	02	103,516	0	0	103,516	5,176	
5113	03	707,412	0	0	707,412	35,370	
5113	04	1,629,616	0	0	1,629,616	81,481	
Total	School For Deaf & Blind	2,613,928	0	0	2,613,928	130,697	
Total	Arts Council	249,105	6,000	0	243,105	0	Under 20 FTE
5115	01	714,276	1,900	0	712,376	35,619	
5115	07	120,973	0	0	120,973	6,050	
Total		835,249	1,900	0	833,349	41,669	
Total	VoEd Adv Council	89,660	2,725	0	86,935	0	Under 20 FTE
5117	01	407,757	0	0	407,757	20,387	
5117	02	396,702	0	0	396,702	19,835	
5117	03	175,293	0	0	175,293	8,765	
5117	04	184,224	0	0	184,224	9,212	
5117	06	240,585	0	0	240,585	12,030	
Total	Historical Society	1,404,561	0	0	1,404,561	70,229	

# 1995 Executive Budget Parameters

Agcy	Program	Total Personal Services	Per Diem	Inmate Labor	Net Personal Services	Reduction	Exemptions
Total	Fire Svs Training Sch	199,471	0	0	199,471	0	Under 20 FTE
5201	01	987,924	0	0	987,924	49,397	
5201	02	1,367,316	0	0	1,367,316	68,366	
5201	03	3,346,424	0	0	3,346,424	167,322	
5201	04	3,339,261	0	0	3,339,261	166,964	
5201	05	3,092,263	0	0	3,092,263	154,612	
5201	06	2,434,678	0	0	2,434,678	121,734	
5201	08	863,923	0	0	863,923	43,196	
5201	09	1,488,648	6,250	0	1,482,398	74,120	
Total	Fish, Wildlife, and Parks	16,920,437	6,250	0	16,914,187	845,711	
5301	01	538,798	3,150	0	535,648	26,783	
5301	02	1,923,581	0	0	1,923,581	96,179	
5301	03	1,669,965	0	0	1,669,965	83,498	
5301	04	2,631,911	0	0	2,631,911	131,596	
5301	05	2,267,474	0	0	2,267,474	113,374	
5301	06	458,946	0	0	458,946	22,947	
5301	07	805,051	0	0	805,051	40,252	
5301	08	660,757	0	0	660,757	33,038	
5301	09	1,502,313	0	0	1,502,313	75,116	
Total	Health	12,458,796	3,150	0	12,455,646	622,783	
5401	01	6,033,013	0	0	6,033,013	301,649	
5401	02	28,382,179	0	0	28,382,179	1,419,109	
5401	03	22,836,530	0	0	22,836,530	1,141,827	
5401	07	149,900	0	0	149,900	7,495	
5401	08	4,109,662	0	0	4,109,662	205,484	
5401	22	3,320,546	0	0	3,320,546	166,028	
5401	40	379,801	3,850	0	375,951	18,798	
5401	50	442,911	0	0	442,911	22,146	
Total	Transportation	65,654,542	3,850	0	65,650,692	3,282,536	
5501	01	1,071,760	0	0	1,071,760	53,588	
5501	03	1,760,649	0	0	1,760,649	88,032	
5501	04	960,707	0	0	960,707	48,036	
5501	25	6,797,234	0	0	6,797,234	339,861	
Total	State Lands	10,590,350	0	0	10,590,350	529,517	
5603	01	327,052	7,000	0	320,052	16,002	
5603	03	582,092	0	0	582,092	29,104	
5603	04	380,681	0	0	380,681	19,035	
5603	05	148,214	0	0	148,214	7,412	



## 1995 Executive Budget Parameters

Agcy	Program	Total Personal Services	Per Diem	Inmate Labor	Net Personal Services	Reduction	Exemptions
5603	06	1,793,611	0	0	1,793,611	89,681	
5603	08	61,094	0	0	61,094	3,055	
5603	10	371,267	0	0	371,267	18,563	
Total	Livestock	3,664,011	7,000	0	3,657,011	182,852	
5706	21	1,289,473	4,955	0	1,284,518	64,227	
5706	22	801,292	12,568	0	788,724	0	Admin Attach
5706	23	669,161	875	0	668,286	33,414	
5706	24	3,925,659	1,300	0	3,924,359	196,219	
5706	25	398,052	7,024	0	391,028	19,552	
5706	26	1,281,569	0	0	1,281,569	64,078	
Total	Natural Resources	8,365,206	26,722	0	8,338,484	377,490	
5801	01	1,156,923	0	0	1,156,923	57,846	
5801	02	662,256	0	0	662,256	33,112	
5801	03	1,373,194	0	0	1,373,194	68,658	
5801	05	217,091	0	0	217,091	10,854	
5801	06	2,854,020	0	0	2,854,020	142,701	
5801	07	1,129,562	0	0	1,129,562	56,479	
5801	08	10,233,029	0	0	10,233,029	511,652	
Total	Revenue	17,626,075	0	0	17,626,075	881,302	
6101	01	277,420	100	0	277,320	13,866	
6101	03	731,524	0	0	731,524	36,576	
6101	04	513,999	0	0	513,999	25,700	
6101	06	1,689,028	0	0	1,689,028	84,451	
6101	07	4,301,139	0	0	4,301,139	215,057	
6101	08	639,324	0	0	639,324	31,966	
6101	13	249,149	0	0	249,149	12,457	
6101	23	1,171,614	0	0	1,171,614	58,580	
6101	24	441,841	0	0	441,841	22,092	
6101	37	290,627	85,580	0	205,047	0	Admin Attach
Total	Administration	10,305,665	85,680	0	10,219,985	500,745	
Total	State Fund	5,896,505	0	0	5,896,505	0	Admin Attach
Total	PERS	577,003	3,600	0	573,403	0	Under 20 FTE
Total	Teachers Retire	318,198	2,150	0	316,048	0	Under 20 FTE
6201	15	371,520	0	0	371,520	18,575	
6201	25	439,252	0	0	439,252	21,963	
6201	30	1,032,956	3,000	0	1,029,956	51,498	
6201	40	502,390	800	0	501,590	25,079	
6201	50	618,000	8,900	0	609,100	30,455	

# 1995 Executive Budget Parameters

Agcy	Program	Total Personal Services	Per Diem	Inmate Labor	Net Personal Services	Reduction	Exemptions
Total	Agriculture	2,964,118	12,700	0	2,951,418	147,570	
6401	10	1,473,497	21,400	0	1,452,097	72,605	
6401	20	18,420,452	0	414,577	18,005,875	900,294	
6401	30	23,850,025	0	0	23,850,025	1,192,502	
6401	40	1,812,532	0	0	1,812,532	90,626	
6401	50	12,235,652	0	0	12,235,652	611,782	
6401	60	2,260,677	0	0	2,260,677	113,034	
Total	Corrections & Hum Svs	60,052,835	21,400	414,577	59,616,858	2,980,843	
6501	01	56,823	0	0	56,823	2,841	
6501	02	310,257	0	0	310,257	15,513	
6501	36	655,951	1,000	0	654,951	32,747	
6501	37	206,319	4,850	0	201,469	10,074	
6501	39	1,136,455	86,950	0	1,049,505	52,475	
6501	51	764,010	0	0	764,010	38,200	
6501	52	515,926	0	0	515,926	25,797	
6501	60	576,702	12,350	0	564,352	28,218	
6501	61	245,652	0	0	245,652	12,283	
6501	62	980,188	0	0	980,188	49,009	
6501	63	119,757	0	0	119,757	5,988	
6501	64	110,249	0	0	110,249	5,512	
6501	65	953,119	7,600	0	945,519	47,276	
6501	70	151,406	0	0	151,406	7,569	
6501	71	49,546	2,600	0	46,946	2,347	
6501	73	258,153	5,400	0	252,753	12,639	
6501	74	422,025	9,000	0	413,025	0	Admin Attach
6501	75	1,171,591	9,000	0	1,162,591	0	Admin Attach
6501	77	1,114,842	1,500	0	1,113,342	55,667	
6501	78	119,744	5,300	0	114,444	5,721	
6501	81	764,654	0	0	764,654	38,232	
Total	Commerce	10,683,369	145,550	0	10,537,819	448,108	
6602	01	9,283,034	0	0	9,283,034	464,152	
6602	02	2,712,914	1,700	0	2,711,214	135,560	
6602	03	2,025,240	0	0	2,025,240	101,262	
6602	04	1,656,871	15,903	0	1,640,968	82,049	
6602	06	626,399	0	0	626,399	31,320	
6602	07	1,831,146	9,100	0	1,822,046	91,102	
6602	08	301,456	3,000	0	298,456	0	Admin Attach
6602	09	273,317	0	0	273,317	13,666	
Total	Labor	18,710,377	29,703	0	18,680,674	919,111	



## 1995 Executive Budget Parameters

Agcy	Program	Total Personal Services	Per Diem	Inmate Labor	Net Personal Services	Reduction	Exemptions
6701	01	165,149	0	0	165,149	8,257	
6701	12	389,467	0	0	389,467	19,473	
6701	13	1,055,148	0	0	1,055,148	52,757	
6701	21	417,081	0	0	417,081	20,855	
6701	24	271,539	0	0	271,539	13,576	
6701	31	474,335	0	0	474,335	0	Admin Attach
Total	Military Affairs	2,772,719	0	0	2,772,719	114,918	
6901	01	1,258,572	0	0	1,258,572	62,928	
6901	03	10,281,669	0	0	10,281,669	514,084	
6901	04	1,535,432	0	0	1,535,432	76,772	
6901	05	3,028,674	0	0	3,028,674	151,434	
6901	07	1,502,210	0	0	1,502,210	75,111	
6901	08	1,147,290	0	0	1,147,290	57,365	
6901	09	1,189,293	0	0	1,189,293	59,465	
6901	10	2,130,728	0	0	2,130,728	106,536	
6901	11	1,152,800	0	0	1,152,800	57,641	
6901	13	547,129	0	0	547,129	27,358	
6901	14	1,409,117	0	0	1,409,117	70,457	
6901	15	77,456	0	0	77,456	0	Admin Attach
Total	Srs	25,260,370	0	0	25,260,370	1,259,151	
6911	01	1,811,281	0	0	1,811,281	90,564	
6911	02	10,077,051	0	0	10,077,051	503,854	
6911	03	1,919,148	0	13,356	1,905,792	95,290	
6911	04	3,460,450	0	0	3,460,450	173,023	
Total	Family Serv	17,267,930	0	13,356	17,254,574	862,731	
	Total All Agencies	\$764,169,292	\$824,071	\$842,510	\$762,502,722	\$31,035,424	

Some agencies did not request modifications to restore any of the 5% reductions, making plans to restructure operations instead. Other agencies requested restoration of every FTE. Although the executive budget recommends modifications to restore many of the FTE reduced, these advance planning efforts did result in personal services reductions. The policy of the administration was not to apply across-the-board cuts in 100% federally-funded programs, which would have no general fund impact, because such reductions would result in negatives like reduced purchasing power, lower tax revenues and grant funds being distributed to other states. The status of state special revenue accounts for the balance of the 1990s was a major factor in determining whether to recommend modifications in some fee-funded programs, e.g., will fee increases be necessary and, if so, affecting whom, when, etc. The fact that proprietary-funded programs have a general fund impact, some more than others, was also a consideration.

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### Zero-based items

The following expenditure objects were analyzed as zero-based items requiring complete justification for inclusion in the executive budget.

- 1000 - Personal services
- 2102 - Consult and professional services
- 2125 - Contractor payments - highway construction
- 2126 - Contractor payments - utility relocation
- 2146 - Commissions
- 2169 - Contracts with non-profits
- 2174 - Data Network Serv/D of A
- 2175 - System Development/D of A
- 2176 - System Development/Non-D of A
- 2310 - Advertising - National
- 2311 - Advertising - Radio
- 2312 - Advertising-Professional fee\*
- 2313 - Advertising-Television\*
- 2528 - Rent/non-DoA Buildings
- 2529 - Rent/Non-state Buildings
- 2732 - Paint - Traffic Line
- 2738 - Road Oil
- 2740 - Sand
- 2741 - Gravel stockpile
- 2742 - Oil Mixed materials
- 2750 - Maintenance contracts
- 3101 - Aircraft
- 3102 - Agricultural & Landscaping
- 3103 - Autos & Trucks
- 3105 - Construction
- 3106 - Multi-user computers & Terminals
- 3107 - Educational & Recreational
- 3108 - Household
- 3109 - Law Enforcement
- 3110 - Marine
- 3111 - Medical
- 3112 - Office
- 3113 - Shop, Plant & Industrial
- 3114 - Duplicating
- 3115 - Photographic
- 3116 - Laboratory
- 3117 - Hospital
- 3118 - Engineering
- 3119 - Snow removal
- 3120 - Other Mayor Maintenance
- 3121 - Trailers & Campers
- 3122 - Scientific Apparatus
- 3123 - Fire Suppression Equipment
- 3124 - Food Service
- 3126 - Field Monitoring Equipment
- 3127 - Films
- 3128 - Library of Congress Cards
- 3129 - Furniture



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3131 - Film - Duplicate  
3132 - Film - Replacement & Repair  
3133 - Book Binding  
3134 - Single User Computers  
3135 - Museum Artifacts  
3199 - General  
3201 - Cattle  
3202 - Horses  
3205 - Pigs  
3299 - General  
3301 - Multi-User Computers & Terminals  
3302 - Office  
3303 - Shop, Plant & Industrial  
3304 - Single User Computers  
3501 - Installment Purchase - Equipment  
4000 - Capital Outlay **Series**  
5000 - Local Assistance **Series**  
6000 - Grants **Series**  
7000 - Benefits and Claims **Series**  
8000 - Transfers **Series**  
9000 - Debt Service **Series**

\* Zero-based only when significant, e.g., Montana Promotions and Lottery

### Program Transfers

Although agency reorganizations were not allowed to be requested as part of the budget, minor adjustment through requested program transfers were authorized.

### Cost Allocation

Cost pools funded by allocating costs to more than one program within an agency were reviewed to ensure there were no additional management functions which could be included and thus reduce general fund. Efforts were made to ensure that the general fund is not picking up a disproportionate share of support services.

### Statutory and Language Authority

Authority for statutory and language appropriations are shown under the actual FY92 column and shown, as appropriated through October 1992, under the FY93 appropriated column. Although 1995 biennium budgets have been prepared for all such authority, the amounts are included in the balance sheet but not in the program tables. This authority is not appropriated in HB2 and is never combined with appropriations contained in HB2 or any other bills.

### Modified Level Recommendations

There are four different types of modified recommendations contained in the executive budget, summarized below. There is no inflation budgeted in any of the modifications and many of them phase in new FTE over the biennium.

**1. Executive Planning Process Modifications** - Agencies requested 634 budget modifications with 716.20 FTE, \$164.6 million general fund and \$236.5 other funds during the Executive Planning Process (EPP), which began last March and ended August 18, 1992. Thorough analysis of all requests and agency conferences to discuss goals and needs resulted in preliminary approval of 260 modifications with 337.79 FTE, \$17.5 million general fund and \$102.3 other funds.

Subsequently, agencies dropped some of their priority requests in lieu of modifications to restore a portion of their 5% personal services reductions to already-employed staff.

**2. Budget Amendments continuing into FY94 or the 1995 Biennium** - HB4 of the 52nd Legislature was amended to include the following language:

**"Fiscal Year 1993 Budget Amendments.** The legislature intends that any request by the Office of Budget and Program Planning presented to the 53rd Legislature for a bill to appropriate money to various state agencies that would usually be made by budget amendment include requests for fiscal year 1993 that may not continue beyond fiscal year 1994."

As a result of this amendment, agency management preferences and federal reporting requirements were honored, resulting in budget amendment modifications which may be: (1) for all 12 months of SFY94 (and all 12 months of SFY95 if necessary), or (2) for nine months of SFY94 (and all 12 months of SFY95 if necessary). No budget amendments approved during the 1993 biennium may continue into the 1995 biennium without legislative approval.

**3. Restoration of 5% Personal Services** - When agencies requested all or a portion of their 5% personal services reductions back, consideration was given to many factors including: workloads, priority of the affected service in the goals and objectives of the agency (see appendix of the executive budget), fund source, maintaining state primacy in high-priority programs, size of the total staff and ability to absorb reductions, potential for management efficiencies, numbers of FTE already eliminated as a result of Special Session I and II. Some requests were approved; some denied.

**4. Policy Initiatives** - The executive budget includes numerous budget modifications for policy initiatives which are highlighted to afford the legislature an opportunity to distinguish between "business as usual" appropriations and decision making regarding the future direction of agencies and the state.

### **Funding**

The general policy was to ensure that all available funds are used prior to general fund commitments. State special revenue fee increases are recommended on a limited basis and were more favorably considered when there have been no increases over the last two biennia and when the fees are paid by a group of identifiable users for a specific benefit. Federal special revenue may be denied in the executive budget if the cost in matching or other commitments is too high. Maintenance of effort and matching rates were reviewed. Some shifts from general fund to other revenue sources are recommended. Each of the approximately 700 accounting entities in state government were reviewed to identify balances available for appropriation and to ensure no budget recommendations resulted in negative balances.

### **Mission Statement**

For the first time, review of each agency's requested budget began with its mission statement. This represents a beginning step towards policy- and performance-budgeting.

### **Goals, Objectives and Priorities**

During Special Session II, HB8 amended 17-7-111(2)(d)(i) as follows: "The goals and objectives must contain a list of duties prioritized by the department director to reflect the director's opinion concerning the importance of the duties assigned to the agency by law. Any discretionary programs established by the agency that are not required by law also must be enumerated."

After dialogue with the sponsor of the amendment and other legislators, it was determined that, at a minimum, each agency would be required to: (1) provide the statutory authorization for each program, at least including the significant MCA and U.S.C. references; and (2) list the goals for each program



## 1995 Executive Budget Parameters

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and the most significant objectives, prioritizing the goals with a 1 for highest priority, 2 for medium priority and 3 for lowest priority, each of which should encompass approximately one-third of an agency's total spending. In addition, the notation "US" was to be made for each goal assigned to the agency by federal law and "MT" for those assigned by state law.

Agency goals, objectives, priorities and statutory authorizations, within the constraints described above, are printed in the appendix of the executive budget essentially as written by each agency.

## POLICY INITIATIVE

Appropriations changes and agency incentives are recommended to improve management capabilities, reduce paperwork and increase productivity.

*Appropriations are used to maintain management control and accountability*

**Portfolio appropriations** are recommended for the 1995 biennium. In practice, this would mean each agency would work with the budget office, as they do now, to determine how many different appropriations are needed for each fund type (general fund, state special revenue, federal special revenue, etc.) for HB2 authority. Appropriations are used to maintain management control and to be able to remove designated expenditures related to specific authority from the base for current level budgeting the following biennium.

*Under portfolio appropriations, some agencies may require only one appropriation for a fund type in HB2 authority*

However, under a portfolio appropriations policy some agencies may require only one general fund appropriation, one state special revenue appropriation, etc., except that a separate appropriation could be established whenever consistent with agency management plans. A separate appropriation would be required whenever the Fifty-third Legislature designated in language that a particular activity or project was a line item, adopted a biennial appropriation, or stipulated that a particular item was one-time authority. In addition, the budget office would continue to require separate appropriations for "cat and dog" authority, statutory authority, language authority, and for forward estimate and budget amendment authority.

*HB2 would retain all budget detail*

Portfolio appropriations would not require the program and subprogram detail to be rolled up in HB2; indeed, it is recommended that the final reference bill maintain all the detail used to develop the final budget for future reference and recordkeeping purposes. Portfolio appropriations are consistent with decisions of the Fifty-second Legislature, which adopted such appropriations in the following three instances:

*52nd Legislature adopted portfolio appropriations:*

*Legislative Council--  
saved general fund*

1. Legislative Council, in regular session, received a portfolio appropriation for all interim studies and conferences, after the legislature reviewed and budgeted for the anticipated workload in each item. Managing these funds as a single appropriation has saved general fund and staff time.

*OPI--36% decrease in  
paperwork and  
processing*

2. Office of the Superintendent of Public Instruction, in Special Session I, received a single appropriation for each fund type in all of its nondistribution to school functions, and the authority both to move any unexpended funds from this program to distribution and to carry any unexpended funds forward into the following fiscal year. The number of transaction



documents in OPI decreased by 36% as a result of the portfolio appropriations, thereby reducing paperwork, electronic data processing and the amount of staff time devoted to "fences" in OPI, OBPP, LFA and Dept. of Administration.

***Secretary of State***

3. Secretary of State, in Special Session II, received portfolio appropriations for the entire operating budget of the office.

***Do not reduce accountability or control***

These three actions of the legislature have served as a useful demonstration of the potential to be realized from portfolio appropriations for all state agencies. Such actions in no way reduced accountability or eliminated appropriations control over expenditures. The actions, however, did remove the agency budget "fences" which make good management difficult, costly and sometimes impossible.

***Comparable to management of household budget***

For example, in a household budget, most people plan so much for the mortgage and utilities, so much for groceries, and so much for other major items each month. But if the washing machine breaks, you fix it, and if you find an outstanding sale on something you need, you seize the opportunity. Separate appropriations for each and every item in a budget create fences which make fixing a personal computer difficult and more costly than it needs to be; they make seizing an opportunity a virtual impossibility.

***Comparable to management of ranch budget***

For example, in a ranch budget, most people plan so much for the mortgage, so much for fencing, so much for inventory and equipment, etc. and so much revenue from sale of livestock. But if a bad winter brings severe snow and ice, you spend more than budgeted and fix the fences. And, in a severe drought, you either spend more for feed or for out-of-state pasture than budgeted or you sell off cattle.

***Legislature to determine extent of portfolio***

Portfolio appropriations are likely, in most instances, to exclude local assistance, benefits and claims, and debt service. The legislature may determine, however, that in some circumstances it would be better for an agency to manage, and be accountable for, all or nearly all of its total appropriation authority as a whole. Specific guidelines are not recommended, in order to prevent starting the reform with new bureaucratic appropriations fences.

***Language for HB2 implementation***

Language is recommended for HB2 boilerplate: "Each agency shall work with the office of budget and program planning to determine how many appropriations it requires for each fund type for management purposes. Separate appropriations shall be established for all biennial authority, for all items designated either one-time or line itemed in [the act], and for all statutory and language authority. Separate appropriations shall be maintained for all cat and dog authority and for all forward estimates and budget amendments."

*There must be incentives in government just as in business*

**Incentives** are recommended because there must be incentives in government, just as there are in private business, for directors and employees to manage wisely, to increase productivity, and to be held responsible for decision making. It is recommended that all portfolio appropriation authority unexpended in the first year of the 1995 biennium, which an agency does not wish to revert, would be authorized as reestablished authority in the second year of the biennium. This means the amount budgeted for reversions would be virtually eliminated for FY94. Obviously, federal special revenue must be managed in accordance with the terms of grants and contracts by the receiving agency.

*Savings treated as efficiency dividend*

As a result of biennial agency management, 100% of all second year (FY95) savings would be considered an **efficiency dividend**. Each agency would determine how best to spend its efficiency dividend--for staff training, office equipment, employee pay adjustments, refurbishing offices, etc. If an agency is planning for a large expenditure, e.g., purchase of a major equipment item, the dividend may be carried forward in a separate account to future biennia.

*Management memo and legislation consistent with MUS*

The OBPP, the Department of Administration Accounting Division and the Office of the Legislative Auditor would develop a management memo governing efficiency dividend expenditures and accounting. It is recommended that all state agencies, including the Montana University System, be treated equitably regarding these incentives. Title 17, Chapter 7, part 3 would require amendments to implement efficiency dividends.

*Could include employee pay adjustments to address inequities*

Discretionary spending by an agency could include rewarding employees by approving **employee pay adjustments** to address pay inequities caused by past pay practices, market, merit, knowledge or skills disparities, within guidelines provided by the Department of Administration Personnel Division and provisions of collective bargaining.

*Also could include minor capital refurbishing*

In addition, the Department of Administration Architecture and Engineering Division is requesting legislation to increase **minor capital** from \$25,000 to \$50,000 because this level, which has not been changed since the 1970s, creates unnecessary paperwork, analysis and administration time. The change is recommended to enable agencies the option of using earned efficiency dividends to install carpeting or office dividers and manage other minor refurbishing.

*Poor performance is currently rewarded*

It is recommended there be extensive scrutiny of supplemental requests tied to the adoption of efficiency dividend incentives. Currently, poor performance is rewarded with additional supplemental funds. This practice must cease, except in identifiable circumstances such as fire suppression, AFDC



caseloads, Medicaid Primary Care inflation and related situations which are totally beyond the ability of agency directors to manage.

***Reporting and  
accountability  
maintained***

It is important to note that reporting and accountability mechanisms are continued and that they will be strengthened in future years. The Statewide Budgeting and Accounting System (SBAS) will be maintained and records of actual expenditures and revenues by programs and responsibility centers will be available for analysis and audit, as well as current level base information for budget development in the next biennium. Annual fiscal yearend Supplemental Financial Schedules showing the activity and balances for each accounting entity will continue to be published by the Department of Administration. The Legislative Auditor will continue to provide both financial audits and limited performance audits. Budget documentation will continue to be required for workload and other requests above current level, in accordance with Title 7, Chapter 7, part 1, MCA.

***New emphasis on  
accountability***

***Future emphasis on outcomes  
and accomplishments***

New emphasis will be placed on accountability for program performance. The Montana Futures Project state vision and state goals will be maintained and, at the direction of the Governor, utilized increasingly to provide the framework for accountability reports to directors and program managers, legislators, budget and legislative analysts, and the public. In future years, outcome measures and accomplishments standards will be developed--primarily at the national level--and considered for use in a Montana management and performance reporting system.

## POLICY INITIATIVE

The legislature should establish "forward estimate authority" to expedite a more cost effective start-up of services usually initiated by budget amendment.

*Two agencies have demonstrated how forward estimates save staff time and paper*

In prior biennia, the Department of Fish, Wildlife and Parks and the State Library Commission have received legislative contract authority, which has dramatically reduced the flow of paper and the expenditure of valuable time normally associated with processing budget amendments. The executive budget proposes to extend this courtesy to all state agencies, via appropriations in **HB4**.

*Agencies could not exceed without a budget amendment*

Agencies would be permitted to transfer this authority among fund types, except that no general fund authority would be approved. An agency could not exceed its forward contract authority, unless the excess were established within the provisions of budget amendment law.

*Separate accountability maintained*

Appropriations established under this authority shall require the necessary and usual contract justification and shall be kept separate from the reporting and accounting for all other appropriations.

*Three-year average*

Suggested amounts of the authority for each agency were determined by the use of an approximate three-year average.



## POLICY INITIATIVE

The State of Montana should have a general fund "rainy day" stabilization account.

***Reasons: Budget cuts disrupt services, traumatize legislators and staff, create frustration among Montanans***

***Fragile economy and volatility of pending lawsuits***

***Supplementals driven by federal mandates, health care cost increases, court decisions and unbudgeted litigation***

***At least 25 other states have accounts***

***Subject to one-time tax reform opportunity--\$40 million***

Legislation is recommended to establish a general fund stabilization account in the amount of \$40 million during the 1993 session. For the last decade the state has robbed every sugar bowl and cut nearly every general fund appropriation to stay afloat through four special sessions and two budget reduction executive orders. Budget and fund balance reductions disrupt services and long-term plans, traumatize legislators and agency personnel, create frustration and distrust of government among residents, and frequently lead to actions which are not good policy decisions or in the best interests of state government.

Reasons for a rainy day account include the fragile outlook for the economy at least until the end of the decade, the volatility of pending lawsuits against the state, the natural tendency to respond to unmet needs and special interest groups by appropriating nearly all revenue projected to be available, and the dramatic increase in supplemental appropriations, required due to: (a) federal mandates and health care inflation driving enormous annual cost increases in Medicaid Primary Care and other services, (b) court decisions driving major cost increases in corrections, institutions, K-12 education and other services, and (c) litigation costs in the millions each year which are unbudgeted because they are unknown.

Clearly, neither the Governor nor the legislature can control these externally-mandated, enormous expenditure increases. At the same time, the general populous is clamoring for budget reductions and no more special sessions. Although there is no way to "win" given these circumstances, clearly a stabilization account would mitigate smaller emergencies, and provide a solid foundation from which to mitigate larger ones.

At least 25 states have stabilization policies including North Dakota, South Dakota, Minnesota, Nebraska, Colorado, Utah, Nevada, Wyoming, Washington and Alaska. The amounts range from \$802 million in Alaska, to \$40 million in Nevada, \$35 million in Idaho and Wyoming, and \$22 million in North Dakota.

Subject to the recommended tax reform, which would create a one-time window of opportunity during transition to lower 1995 property and income taxes, Montana should establish a \$40 million stabilization account. Spending the one-time money will only continue the decade-old pattern of "living beyond our means".

# Budget Summary by Fund

	Actual FY 1992	Budgeted FY 1993	Recommendation	
			FY 1994	FY 1995
<b>General Fund</b>				
Legislative Auditor	1,164,919.09	1,246,127	1,307,219	1,291,061
Legislative Fiscal Analyst	789,043.70	943,084	866,403	863,760
Legislative Council	1,827,047.57	2,568,518	2,708,701	2,372,893
Legislature-Senate	233,969.80	334,034	0	0
Legislature-House	489,354.64	487,397	0	0
Environmental Quality Council	278,111.99	279,020	299,164	300,501
Judiciary	8,184,776.12	8,811,646	8,912,856	9,058,493
Governors Office	2,448,975.84	2,304,578	2,804,763	2,689,682
Secretary Of States Office	938,543.75	964,097	1,003,638	1,051,623
Commissioner Of Political Prac	133,888.76	146,219	130,769	128,720
State Auditors Office	2,293,214.65	2,106,624	2,147,802	2,028,238
Office Of Public Instruction	59,003,596.66	58,267,945	82,377,165	57,248,440
Billings Vo Tech	0.00	0	1,236,752	1,184,120
Butte Vo Tech	0.00	0	1,471,662	1,447,184
Great Falls Vo Tech	0.00	0	1,532,038	1,500,782
Helena Vo Tech	0.00	0	2,002,734	1,975,127
Missoula Vo Tech	0.00	0	2,109,839	2,081,920
Crime Control Division	455,253.91	476,133	475,970	478,901
Highway Traffic Safety	183,080.00	183,080	210,000	210,000
Department Of Justice	12,061,560.19	12,482,982	7,238,602	6,751,881
Public Service Regulation	2,091,853.05	2,158,114	2,418,620	2,091,902
Board Of Public Education	116,777.67	106,581	117,855	115,731
Commissioner Of Higher Ed	127,998,189.80	118,439,175	(9,113,481)	(10,807,312)
University Of Montana	0.00	0	24,919,150	24,801,963
Montana State University	0.00	0	33,070,736	33,153,879
Mont College Of Min Sc & Tech	0.00	0	8,883,903	8,851,829
Eastern Montana College	0.00	0	10,818,843	10,741,803
Northern Montana College	0.00	0	5,766,962	5,706,950
Western Montana College	0.00	0	3,145,435	3,100,117
Agricultural Exper Station	0.00	0	7,935,807	7,970,583
Cooperative Extension Service	0.00	0	2,809,745	2,812,612
Forestry & Cons Exper Station	0.00	0	747,363	749,241
School For The Deaf & Blind	2,680,456.28	2,758,442	2,529,134	2,493,812
Montana Arts Council	133,560.24	19,119	144,548	141,087
Library Commission	1,072,955.76	1,104,911	1,261,899	1,062,019
Historical Society	1,272,410.35	1,258,542	1,476,239	1,443,295
Fire Services Training School	0.00	0	259,841	269,883
Dept Of Fish, Wildlife & Parks	393,422.13	384,598	715,318	718,003
Dept Health & Environ Sciences	3,857,455.38	3,697,511	3,195,170	3,183,186
Department Of Transportation	386,544.92	391,830	136,070	36,157
Department Of State Lands	14,493,113.79	9,383,083	9,681,111	9,696,559
Department Of Livestock	763,343.64	531,361	929,239	944,446
Dept Nat Resource/Conservation	4,245,418.61	4,558,065	4,678,827	4,688,169
Department Of Revenue	40,106,581.22	41,096,611	43,306,372	44,005,109
Department Of Administration	21,079,601.11	26,519,797	19,345,586	22,172,896
Long Range Building Plan	609,398.00	0	0	0
Department Of Agriculture	1,135,039.04	989,554	1,142,580	1,091,654
Dept. Corrections & Human Ser	73,565,877.67	74,354,460	86,387,023	92,397,472
Department Of Commerce	2,739,195.92	3,068,089	2,498,580	2,463,367
Labor & Industry	867,967.01	710,126	1,189,213	1,158,411



## Budget Summary by Fund

	Actual FY 1992	Budgeted FY 1993	Recommendation	
			FY 1994	FY 1995
<b>General Fund (Continued)</b>				
Adjutant General	2,458,041.87	2,379,411	2,338,533	2,242,318
Dept Social & Rehab Services	98,301,423.24	101,064,168	122,204,397	133,436,619
Department Of Family Services	31,232,323.74	30,869,843	38,452,332	39,484,695
Supplementals		22,330,000		
Reversions		(21,743,000)	(2,500,000)	(2,500,000)
Feed Bill		5,025,000		5,100,000
Pay Plan		1,648,019	3,348,204	
Miscellaneous Appropriations		113,000	1,750,000	1,750,000
<b>Total Deductions</b>	<b>522,086,287</b>	<b>523,169,875</b>	<b>553,127,046</b>	<b>552,779,985</b>
ROC Revenue Estimate	487,036,067.56	514,207,000	478,121,000	492,719,000
Net Revenue From Proposals		(481,000)	48,045,000	105,831,000
<b>Total Additions</b>	<b>487,036,067.56</b>	<b>513,726,000</b>	<b>526,166,000</b>	<b>598,550,000</b>
Beginning Fund Balance	58,700,000	24,486,000	20,506,125	(6,454,921)
Subtract Adjustments	(836,220)	(5,464,000)		
Ending Fund Balance	<u>24,486,000</u>	<u>20,506,125</u>	<u>(6,454,921)</u>	<u>39,315,094</u>

### NOTES:

Budgeted FY 1993 reflects the status of operating plans as of November 1992. University system funding is disaggregated in the recommended columns. The expenditures are recorded in the Commissioner's Office in the FY 1992 and FY 1993 columns.

# Budget Summary by Fund

	Actual FY 1992	Budgeted FY 1993	Recommendation FY 1994      FY 1995	
State Special Revenue Fund				
Legislative Auditor	1,329,813.91	1,366,148	1,416,152	1,398,650
Legislative Council	1,080,806.01	566,609	896,713	417,751
Environmental Quality Council	10,920.55	44,472	0	0
Consumer Counsel	621,849.19	946,842	1,002,167	1,002,954
Judiciary	1,028,129.33	1,111,191	1,344,895	1,378,321
Mt Chiropractic Legal Panel	8,792.31	16,000	13,000	13,000
Governors Office	18,647.55	108,759	95,500	95,500
Secretary Of States Office	182,804.29	186,956	216,347	202,863
State Auditors Office	8,037,844.98	8,459,208	8,800,477	8,817,847
Office Of Public Instruction	367,920,072.36	405,866,854	387,696,046	396,185,793
Billings Vo Tech	0.00	0	832,779	840,746
Butte Vo Tech	0.00	0	421,802	423,641
Great Falls Vo Tech	0.00	0	818,739	821,986
Helena Vo Tech	0.00	0	723,832	726,438
Missoula Vo Tech	0.00	0	805,091	809,704
Crime Control Division	618,025.73	1,163,195	1,174,291	1,174,232
Highway Traffic Safety	72,646.47	80,807	85,000	86,000
Department Of Justice	36,716,191.81	35,727,970	23,292,760	23,187,293
Board Of Public Education	83,583.06	163,740	221,112	139,129
Commissioner Of Higher Ed	13,299,822.95	13,810,711	0	0
University Of Montana	0.00	0	23,589,005	23,589,005
Montana State University	0.00	0	21,832,491	21,832,491
Mont College Of Min Sc & Tech	0.00	0	3,341,452	3,341,452
Eastern Montana College	0.00	0	6,327,726	6,327,726
Northern Montana College	0.00	0	3,388,163	3,388,163
Western Montana College	0.00	0	2,278,907	2,278,907
Agricultural Exper Station	0.00	0	0	0
Cooperative Extension Service	0.00	0	0	0
School For The Deaf & Blind	190,000.00	190,000	450,461	450,461
Montana Arts Council	668,482.75	1,094,769	216,134	214,664
Library Commission	719,280.68	685,348	484,594	409,602
Historical Society	157,959.83	301,672	189,699	186,177
Dept Of Fish, Wildlife & Parks	23,298,383.21	24,547,137	26,792,770	24,738,659
Dept Health & Environ Sciences	11,305,285.55	17,774,489	15,913,717	15,542,302
Department Of Transportation	171,732,515.10	196,977,944	200,464,443	205,664,264
Department Of State Lands	4,587,158.21	8,516,501	8,501,952	4,846,794
Department Of Livestock	3,996,755.48	4,239,350	4,462,900	4,529,612
Dept Nat Resource/Conservation	28,630,238.15	16,476,358	10,655,621	7,784,459
Department Of Revenue	48,921,753.30	50,309,603	45,177,364	45,327,637
Department Of Administration	3,592,217.93	3,073,087	3,536,780	3,348,340
State Comp. Mutual Ins. Fund	14,355,185.97	14,000,000	14,000,000	14,000,000
Long Range Building Plan	1,284,962.48	0	0	0
Department Of Agriculture	4,492,732.66	5,234,818	6,151,901	5,316,663
Dept. Corrections & Human Ser	5,961,183.14	5,118,665	6,477,042	7,229,347
Department Of Commerce	15,093,141.93	17,447,289	21,448,628	16,397,343
Labor & Industry	2,957,116.77	3,972,620	6,838,481	6,756,529
Adjutant General	11,549.54	41,169	37,254	33,755
Dept Social & Rehab Services	14,322,187.92	15,824,009	16,488,947	16,709,580
Department Of Family Services	2,960,980.28	3,045,735	3,260,778	3,261,490
Total Deductions	790,269,021.38	858,490,025	882,163,913	881,227,270



## Budget Summary by Fund

	Actual FY 1992	Budgeted FY 1993	Recommendation FY 1994                      FY 1995	
State Special Revenue Fund (Continued)				
Licenses & Permits	62,416,870.15	59,471,094	66,996,973	66,678,356
Taxes	535,968,889.24	557,580,770	605,993,049	610,041,911
Service Fees	26,019,285.50	28,934,521	79,765,832	80,693,988
Investment Earnings	2,968,293.11	2,458,017	4,240,676	4,371,646
Fines	2,634,773.67	2,499,480	2,630,105	2,380,105
Reimbursements	16,533.40	18,585	17,085	16,585
Sale Documents, Merch & Property	15,715,096.80	18,005,219	19,146,005	18,251,363
Rentals, Leases & Royalties	200,107.91	247,209	195,390	195,390
Fiduciary & Trust	127,241.09	120,000	118,940	59,496
Miscellaneous	3,404,249.45	1,052,000	1,883,530	1,884,197
Grants, Gifts, Bequests, Donations	3,615,423.48	6,810,172	9,673,926	9,147,746
Income Collection & Transfers	127,134,349.58	101,390,943	87,728,234	93,942,344
Federal Assistance	21,988,406.12	26,494,524	26,212,729	27,196,586
 Total Additions	 802,209,519.50	 805,082,534	 904,602,474	 914,859,713
Beginning Fund Balance	165,368,490.49	170,250,420	116,842,929	139,281,490
Subtract Adjustments	7,058,568.36			
Ending Fund Balance	170,250,420.25	116,842,929	139,281,490	172,913,933

**NOTES:**

Budgeted FY 1993 reflects the status of operating plans as of November 1992.

University system funding is disaggregated in the recommended columns. The expenditures are recorded in the Commissioner's Office in the FY 1992 and FY 1993 columns.

# Budget Summary by Fund

	Actual FY 1992	Budgeted FY 1993	Recommendation FY 1994      FY 1995	
Federal & Other Spec Rev Fund				
Judiciary	16,072.99	0	0	0
Governors Office	455,198.11	491,411	488,782	491,850
State Auditors Office	9,108,842.84	11,180,000	10,000,000	10,000,000
Office Of Public Instruction	7,966,548.35	9,706,470	16,556,555	4,641,074
Crime Control Division	3,639,730.17	4,145,156	3,525,303	3,525,302
Highway Traffic Safety	1,114,493.18	1,295,502	1,308,722	1,306,994
Department Of Justice	1,295,859.79	1,907,396	1,021,794	1,011,514
Public Service Regulation	24,679.68	27,100	29,727	28,168
Commissioner Of Higher Ed	7,636,085.69	8,514,035	9,500,668	9,620,261
Agricultural Exper Station	0.00	0	2,679,024	2,692,299
Cooperative Extension Service	0.00	0	2,161,652	2,161,652
School For The Deaf & Blind	169,924.93	165,447	237,023	237,023
Montana Arts Council	572,198.28	709,303	542,249	542,452
Library Commission	783,129.47	1,508,884	2,355,654	395,663
Montana Council On Vocational	149,376.79	173,544	165,257	165,781
Historical Society	453,136.77	691,260	712,695	702,478
Dept Of Fish, Wildlife & Parks	8,894,508.18	11,037,757	11,486,782	10,109,596
Dept Health & Environ Sciences	29,252,507.13	38,389,821	39,740,337	42,348,705
Department Of Transportation	138,152,351.66	149,799,146	168,781,915	169,851,029
Department Of State Lands	4,190,897.26	10,065,870	7,014,693	7,028,493
Department Of Livestock	324,181.59	319,733	363,509	366,945
Dept Nat Resource/Conservation	3,170,218.97	8,809,605	13,113,726	1,218,078
Department Of Revenue	290,412.39	318,832	309,487	305,194
Department Of Administration	0.00	0	30,057	30,058
Long Range Building Plan	1,124,385.03	0	0	0
Department Of Agriculture	523,372.04	820,652	551,952	512,250
Dept. Corrections & Human Ser	6,266,150.03	6,909,596	4,759,513	5,496,075
Department Of Commerce	17,184,970.80	28,634,595	30,577,021	31,041,928
Labor & Industry	36,365,968.11	37,864,589	30,518,269	30,536,665
Adjutant General	3,754,241.70	4,459,802	4,577,671	4,496,337
Dept Social & Rehab Services	280,005,855.47	298,024,789	350,991,020	375,417,149
Department Of Family Services	15,128,560.72	17,901,852	14,586,859	14,553,806
Total Deductions	578,013,858.12	653,872,147	728,687,916	730,834,819
Licenses & Permits	(4,572.25)	42,000	0	0
Service Fees	1,877,677.69	2,095,737	2,480,536	2,725,817
Investment Earnings	1,828,697.71	1,600,607	1,737,734	1,790,383
Fines	(15,275.65)	209,000	211,000	230,000
Reimbursements	1,389,088.78	1,408,412	1,521,756	1,528,995
Sale Documents, Merch & Property	3,594.60	10,000	10,000	10,000
Fiduciary & Trust	3,638,191.91	2,951,455	3,195,000	3,305,000
Miscellaneous	297,788.99	15,300	10,300	10,300
Grants,Gifts,Bequests,Donations	268,902.17	635,485	273,921	274,392
Income Collections & Transfers	7,371,005.06	6,203,253	5,685,209	5,685,209
Federal Assistance	562,056,691.89	633,457,271	813,136,899	730,827,109
Total Additions	578,711,790.90	648,628,520	828,262,355	746,387,205
Beginning Fund Balance	20,443,257.63	19,652,374	14,408,747	113,983,186



## Budget Summary by Fund

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	Actual FY 1992	Budgeted FY 1993	Recommendation	
			FY 1994	FY 1995
Federal & Other Spec Rev Fund (Continued)				
Subtract Adjustments	<u>1,488,816.49</u>			
Ending Fund Balance	19,652,373.92	<u>14,408,747</u>	<u>113,983,186</u>	<u>129,535,572</u>

### NOTES:

Budgeted FY 1993 reflects the status of operating plans as of November 1992.

University system funding is disaggregated in the recommended columns. The expenditures are recorded in the Commissioner's Office in the FY 1992 and FY 1993 columns.

## Budget Summary by Fund

	Actual FY 1992	Budgeted FY 1993	Recommendation	
			FY 1994	FY 1995
<b>Proprietary Fund</b>				
Secretary Of States Office	328,115.05	359,286	370,133	370,852
State Auditors Office	153,033.51	195,661	197,907	196,791
Office Of Public Instruction	978,173.55	950,715	1,153,428	1,142,583
Department Of Justice	537,797.94	633,096	591,367	593,175
Public Service Regulation	19,378.80	19,380	0	0
Commissioner Of Higher Ed	13,079,071.59	16,194,510	18,076,065	19,943,459
Historical Society	532,841.56	560,910	592,843	598,691
Dept Of Fish, Wildlife & Parks	2,224,596.17	2,426,782	2,359,986	2,469,365
Dept Health & Environ Sciences	1,596,448.12	1,810,650	2,466,840	2,349,731
Department Of Transportation	14,133,215.38	14,101,581	16,657,702	16,512,690
Department Of State Lands	234,674.87	387,597	247,881	312,257
Department Of Revenue	51,502,367.72	52,326,022	34,269,840	34,265,328
Department Of Administration	72,173,884.48	85,077,260	93,345,174	99,686,800
State Comp. Mutual Ins. Fund	186,434,246.18	165,928,600	179,425,443	196,630,433
Long Range Building Plan	29,424.16	0	0	0
Department Of Agriculture	5,858.59	11,251	8,416	8,561
Dept. Corrections & Human Ser	3,273,952.12	3,293,589	4,119,367	4,671,965
Department Of Commerce	42,230,130.86	48,554,242	39,847,782	39,937,422
Labor & Industry	4,304,765.47	4,424,650	5,038,505	5,127,048
<b>Total Deductions</b>	<b>393,771,976.12</b>	<b>397,255,782</b>	<b>398,768,679</b>	<b>424,817,151</b>
Licenses & Permits	1,507,015.61	1,334,000	1,432,000	1,432,000
Taxes	9,957,921.02	14,035,500	9,816,000	9,816,000
Service Fees	90,025,897.84	90,779,972	109,589,134	119,226,737
Investment Earnings	71,464,576.45	8,811,793	8,599,293	8,559,293
Fines	1,047,036.20	1,000,000	1,050,000	1,050,000
Reimbursements	5,886,543.32	4,840,048	6,298,903	6,132,066
Sale Documents, Merch & Property	73,977,383.89	74,374,342	78,353,551	79,635,304
Rentals, Leases, & Royalties	35,680.95	49,000	37,646	37,646
Fiduciary & Trust	141,423,563.69	182,250,000	199,225,801	218,883,129
Miscellaneous	357,343.24	101,727	66,272	66,372
Income Collections & Transfers	198,194,794.86	36,344,020	1,691,369	1,702,135
Federal Assistance	552,715.80	452,339	554,852	544,007
<b>Total Additions</b>	<b>594,430,472.87</b>	<b>414,372,741</b>	<b>416,714,821</b>	<b>447,084,689</b>
<b>Beginning Fund Balance</b>	<b>307,600,071.88</b>	<b>(288,044,693)</b>	<b>(270,927,734)</b>	<b>(252,981,592)</b>
<b>Subtract Adjustments</b>	<b>796,303,262.07</b>			
<b>Ending Fund Balance*</b>	<b>(288,044,693.44)</b>	<b>(270,927,734)</b>	<b>(252,981,592)</b>	<b>(230,714,054)</b>

\* The ending fund balance includes the large deficit in the "old" state fund of -\$431.5M in FY 92, -\$469.1 million in FY 93, -\$528.8 million in FY 94 and -\$580.0 in FY 95. This deficits are addressed in a proposed initiative on the old fund.

### NOTES:

Budgeted FY 1993 reflects the status of operating plans as of November 1992.



## Budget Summary by Fund

### SUMMARY OF TOTAL DISBURSEMENTS BY OBJECT CODE

Object	Description	Actual FY 1992	Approp. FY 1993	Recommended FY 1994	Recommended FY 1995
0000	Full Time Equivalent (FTE)	15,193.44	15,174.32	15,059.41	15,197.94
1000	Personal Services		49,474,353	6,098,788	5,995,899
1100	Salaries	368,343,283	364,418,481	403,485,079	406,731,038
1200	Hourly Wages	11,209,478	458,633	566,157	586,801
1300	Other Compensation	476,015	401,364	450,857	401,025
1400	Employee Benefits	93,121,833	53,020,643	69,457,167	72,560,034
1500	Health Insurance		22,137,779	32,086,569	32,382,334
1600	Vacancy Savings		(10,098,790)	(326,749)	(324,278)
1900	Personal Services-Other	(635,690)	(4,520,699)	(236,088)	(234,190)
Total Personal Services		472,514,919	475,291,764	511,581,780	518,098,663
2000	Operating Expenses		105,425,623	2,626,305	2,651,153
2100	Other Services	251,564,317	260,097,031	287,569,683	281,555,034
2200	Supplies & Materials	26,427,986	25,221,725	33,593,384	34,558,348
2300	Communications	25,966,477	21,682,134	25,953,485	26,417,018
2400	Travel	15,462,543	13,598,407	15,780,519	15,861,644
2500	Rent	27,602,462	24,817,227	28,701,833	29,268,404
2600	Utilities	12,687,988	12,987,100	12,532,127	12,977,891
2700	Repair & Maintenance	22,899,969	34,201,364	51,880,559	52,095,937
2800	Other Expenses	33,165,004	18,590,086	35,478,373	35,655,388
2900	Goods Purchased/Resale	51,248,177	11,591,962	29,591,204	28,107,675
Total Operating		467,024,923	528,212,659	523,707,472	519,148,492
3000	Equipment	26,222,427	22,454,860	24,679,998	22,353,833
4000	Capital Outlay	12,293,530	15,658,266	19,802,203	6,351,203
5000	Local Assistance	523,377,631	528,803,056	539,931,652	535,826,789
6000	Grants	98,666,099	128,175,420	131,872,983	112,759,852
7000	Benefits & Claims	537,645,287	580,887,113	708,340,887	771,152,905
8000	Transfers	311,581,792	276,148,181	86,086,718	92,732,974
9000	Debt Service	17,194,082	18,464,430	11,794,907	10,534,986
Total Disbursements		<u>2,466,520,690</u>	<u>2,574,095,749</u>	<u>2,557,798,600</u>	<u>2,588,959,697</u>

Personal Services	19.2%	18.5%	20.0%	20.0%
Operating Expenditures	18.9%	20.5%	20.5%	20.1%
Equipment	1.1%	0.9%	1.0%	0.9%
Capital Outlay	0.5%	0.6%	0.8%	0.2%
Local Assistance	21.2%	20.5%	21.1%	20.7%
Grants	4.0%	5.0%	5.2%	4.4%
Benefits And Claims	21.8%	22.6%	27.7%	29.8%
Transfers	12.6%	10.7%	3.4%	3.6%
Debt Service	0.7%	0.7%	0.5%	0.4%

**SUMMARY OF TOTAL DISBURSEMENTS  
BY OBJECT CODE**

Object	Description	Actual FY 1992	Approp. FY 1993	Recommended FY 1994	Recommended FY 1995
01000	General Fund	522,086,287	511,006,875	525,772,027	538,642,781
02000	State/Other Special Rev. Fu	790,269,021	824,003,332	894,448,913	885,004,270
03000	Federal/Other Spec. Rev. Fu	578,013,858	653,872,147	728,687,916	730,834,819
04000	Debt Service Funds		6,406,163	6,411,757	
05000	Capital Projects Funds	6,078,796	1,743,326	960,801	951,801
06000	Proprietary Funds	393,771,976	397,255,782	398,768,679	424,817,151
08000	Expendable Trust Funds	271,137	620,197	711,794	309,813
09000	Nonexpend./Pension Trust Fu	1,917,786	10,943,314	1,855,581	1,794,967
31000	Current Unrestricted Fund	174,107,828	174,650,776	186,726	192,338
32000		4,000			
Total Program		<u>466,520,689</u>	<u>574,095,749</u>	<u>557,798,600</u>	<u>588,959,697</u>
Agency Total FTE		15,193.44	15,174.32	15,059	15,198
Agency Total Expenditures		466,520,690	574,095,749	557,798,600	588,959,697



The background of the page features a large, faint, circular seal of the State of Tennessee. The seal's outer ring contains the text "THE GREAT SEAL OF THE STATE OF TENNESSEE" in a circular arrangement. Inside this ring, there is a depiction of a landscape with a river, a plow, and a sheaf of wheat. A banner at the bottom of the inner circle reads "AGRICULTURE".

# **GENERAL GOVERNMENT AND TRANSPORTATION**





## Legislative Auditor

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
					Total	Total
Full Time Equivalent Employees	67.50	67.50	63.50	.00	63.50	63.50
Personal Services	2,180,182.11	2,248,012	2,381,210	0	2,381,210	2,386,841
Operating Expenses	271,598.14	306,634	329,686	0	329,686	290,614
Equipment	42,952.75	57,629	12,475	0	12,475	12,256
Total Agency Costs	\$2,494,733.00	\$2,612,275	\$2,723,371	\$0	\$2,723,371	\$2,689,711
General Fund	1,164,919.09	1,246,127	1,307,219	0	1,307,219	1,291,061
State Special Revenue Fund	1,329,813.91	1,366,148	1,416,152	0	1,416,152	1,398,650
Total Funding	\$2,494,733.00	\$2,612,275	\$2,723,371	\$0	\$2,723,371	\$2,689,711
Audit & Examination Program	2,494,733.00	2,612,275	2,723,371	0	2,723,371	2,689,711
Total Program Costs	\$2,494,733.00	\$2,612,275	\$2,723,371	\$0	\$2,723,371	\$2,689,711

**MISSION STATEMENT:** To assist the legislature in meeting its responsibilities by: (1) providing the legislature with factual audit information about the operation of state agencies; and (2) assisting the legislature, its committees and members during legislative sessions by gathering and analyzing information relating to the fiscal affairs of state government.

**CURRENT LEVEL SERVICES:** The 1995 biennium contains a reduction of 4.00 FTE and \$55,474 general fund each year to comply with the language of section 13, HB2. The overall increase in personal services reflects the market-based pay plan adopted by the 1991 Legislature and implemented by the agency.

agencies (the cost of the previous audit was accrued in FY91 rather than FY92), the biennial peer review of the office required by governmental auditing standards (accrued in FY91 rather than FY92), increased costs for the annual actuarial evaluation of the State Fund, and internal computer systems enhancements.

Contracted services increases include \$20,900 for systems development modifications associated with flexible spending account enhancements to the PPP system, \$12,000 for the biennial financial-compliance audit of the legislative branch

Computer equipment replacement requests are significantly below the FY92 actual level and pertain only to items not covered by the legislative branch central computer equipment request made through the Legislative Council.

# Legislative Fiscal Analyst

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	17.50	18.00	17.00	.00	17.00	.00
Personal Services	675,673.31	757,393	724,263	0	729,609	0
Operating Expenses	112,794.03	184,691	138,640	0	130,651	0
Equipment	576.36	1,000	3,500	0	3,500	0
Total Agency Costs	\$789,043.70	\$943,084	\$866,403	\$0	\$863,760	\$0
General Fund	789,043.70	943,084	866,403	0	863,760	0
Total Funding	\$789,043.70	\$943,084	\$866,403	\$0	\$863,760	\$0
Analysis And Review	789,043.70	943,084	866,403	0	863,760	0
Total Program Costs	\$789,043.70	\$943,084	\$866,403	\$0	\$863,760	\$0

**MISSION STATEMENT:** To provide the legislature with information and fiscal analyses it needs to perform its constitutional duties of adopting a balanced budget, ensuring strict accountability for state funds, and overseeing the operations of state government.

**CURRENT LEVEL SERVICES:** Current level staff decrease by 1.00 FTE (0.50 FTE in non-regular session years) due to elimination of a vacant secretary position. Total personal services increase over FY92 because of the agency pay plan market base adjustment in addition to the pay plan increase contained in HB509, the state pay plan bill. Biennial appropriation requests of \$18,700 for possible

increased data processing services and \$18,700 for legislative contingencies account for much of the increase in the FY94 request. Other increases include printing expenses, supplies, travel, and office equipment. The FY95 request includes cyclical session year increases in most categories, particularly in printing which increases by \$24,650 over the FY92 level.



## Legislative Council

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	45.70	55.70	42.97	.00	42.97	48.14	.00	48.14
Personal Services	1,514,838.68	1,734,917	1,653,511	54,668	1,708,179	1,706,364	78,808	1,785,172
Operating Expenses	1,206,172.00	1,311,574	1,568,204	0	1,568,204	643,241	0	643,241
Equipment	194,157.65	109,321	329,031	0	329,031	362,231	0	362,231
Transfers	2,000.00	0	0	0	0	0	0	0
Total Agency Costs	\$2,917,168.33	\$3,155,812	\$3,550,746	\$54,668	\$3,605,414	\$2,711,836	\$78,808	\$2,790,644
General Fund	1,827,047.57	2,568,518	2,654,033	54,668	2,708,701	2,294,085	78,808	2,372,893
State Special Revenue Fund	1,080,806.01	566,609	896,713	0	896,713	417,751	0	417,751
Non-expendable Trust Fund	9,314.75	20,685	0	0	0	0	0	0
Total Funding	\$2,917,168.33	\$3,155,812	\$3,550,746	\$54,668	\$3,605,414	\$2,711,836	\$78,808	\$2,790,644
Legislative Council Feed Bill	162,779.22	146,095	0	0	0	0	0	0
Interim Studies & Conferences	217,620.19	523,231	669,616	0	669,616	0	0	0
Legislative Council	2,536,768.92	2,486,486	2,881,130	54,668	2,935,798	2,711,836	78,808	2,790,644
Total Program Costs	\$2,917,168.33	\$3,155,812	\$3,550,746	\$54,668	\$3,605,414	\$2,711,836	\$78,808	\$2,790,644

**MISSION STATEMENT:** To provide quality staff support to the Montana Legislature and to fulfill its assigned duties.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Personal Services	9,254.87	17,199	0	0	0	0
Operating Expenses	153,524.35	128,077	0	0	0	0
Equipment	0.00	819	0	0	0	0
<b>Total Agency Costs</b>	<b>\$162,779.22</b>	<b>\$146,095</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	162,779.22	146,095	0	0	0	0
<b>Total Funding Costs</b>	<b>\$162,779.22</b>	<b>\$146,095</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 1104-05 INTERIM STUDIES &amp; CONFERENCES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	2.00	2.00	2.47	.00	2.47	.00
Personal Services	38,205.93	56,236	79,507	0	79,507	0
Operating Expenses	179,414.26	466,995	590,109	0	590,109	0
<b>Total Agency Costs</b>	<b>\$217,620.19</b>	<b>\$523,231</b>	<b>\$669,616</b>	<b>\$0</b>	<b>\$669,616</b>	<b>\$0</b>
General Fund	179,695.43	441,420	665,007	0	665,007	0
State Special Revenue Fund	28,610.01	61,126	4,609	0	4,609	0
Non-expendable Trust Fund	9,314.75	20,685	0	0	0	0
<b>Total Funding Costs</b>	<b>\$217,620.19</b>	<b>\$523,231</b>	<b>\$669,616</b>	<b>\$0</b>	<b>\$669,616</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The budget request is presented as a biennial appropriation; the FY92 actual column represents only those expenses incurred during that year. The 2.47 FTE for the 1995 biennium is derived by dividing the total salary budget by the legislative statutory salary amount.

The request is based upon full funding for salaries, total assessments for membership dues, consulting services, printing, in-state and out-of-state travel, and other expenses associated with

legislative participation in the committees and interim activities supported through this program. The request is an aggregate presentation of individual operating plans for the various studies and committees. Significant increases over FY92 include \$176,920 for the Council of State Governments which was not funded during the 1993 biennium, and \$207,388 for full participation in the National Conference of State Legislatures (NCSL). The July, 1992 special session directed the Legislative Council to revert approximately \$100,000 attributed to the



**Planning Committee.** Although funding is requested for the Coal Tax Oversight Subcommittee, the Legislative Council proposes enactment of a bill assigning coal tax oversight duties to the Revenue Oversight Committee. Enactment of the bill should eliminate funding for the subcommittee.

Funding is to be provided by the general fund with the exception of \$4,609 in local impact state special revenue for support of the Coal Tax Oversight Subcommittee.

## 1104-10 LEGISLATIVE COUNCIL

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	43.70	53.70	40.50	.00	40.50	45.67	.00	45.67
Personal Services	1,467,377.88	1,661,482	1,574,004	54,668	1,628,672	1,706,364	78,808	1,785,172
Operating Expenses	873,233.39	716,502	978,095	0	978,095	643,241	0	643,241
Equipment	194,157.65	108,502	329,031	0	329,031	362,231	0	362,231
Transfers	2,000.00	0	0	0	0	0	0	0
Total Agency Costs	\$2,536,768.92	\$2,486,486	\$2,881,130	\$54,668	\$2,935,798	\$2,711,836	\$78,808	\$2,790,644
General Fund	1,484,572.92	1,981,003	1,989,026	54,668	2,043,694	2,294,085	78,808	2,372,893
State Special Revenue Fund	1,052,196.00	505,483	892,104	0	892,104	417,751	0	417,751
Total Funding Costs	\$2,536,768.92	\$2,486,486	\$2,881,130	\$54,668	\$2,935,798	\$2,711,836	\$78,808	\$2,790,644

for FY94 is slightly higher than FY92 due to implementation of the HB509 state pay plan and the agency pay plan. The request for maintenance and upgrade of the legislative branch computer network is contained in this program. The branch network request is for \$331,081 general fund in FY94 and \$367,357 general fund in FY95. Of the total, the computer equipment implementation and replacement plan amounts to \$56,091 in FY94 and \$280,190 in FY95. This includes workstations, file servers, portables, printers, and peripherals. Upgrade of all major software packages used on the network is the other major expense at \$248,990 in FY94 and \$61,091 in FY95. The remainder of the request is for various network operating expenses and network service charges.

State special revenue funding from the sale of publications such as the Montana Code Annotated is similar to the 1993 biennium; however, the distribution between years is adjusted for the 1995

biennium to reflect the timing of the receipt of the revenue. The sales prices of goods sold include the staff costs attributed to the production of the goods.

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**MODIFIED LEVEL SERVICES:** Council Pay Plan Base \$54,668 general fund is requested for FY94 and \$78,808 for FY95 to fund the council's internal pay plan. The pay plan contains a

combination of performance-based incentives/professional promotions. progression increases and



# Senate Legislative Assembly

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	1.00	.00	.00	.00	.00	.00
Personal Services	207,216.60	286,158	0	0	0	0
Operating Expenses	26,660.20	42,677	0	0	0	0
Equipment	93.00	5,199	0	0	0	0
Total Agency Costs	<u>\$233,969.80</u>	<u>\$334,034</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund	233,969.80	334,034	0	0	0	0
Total Funding	<u>\$233,969.80</u>	<u>\$334,034</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Legislature - SENATE	233,969.80	334,034	0	0	0	0
Total Program Costs	<u>\$233,969.80</u>	<u>\$334,034</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

# House Legislative Assembly

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	1.00	.00	.00	.00	.00	.00
Personal Services	428,041.13	190,400	0	0	0	0
Operating Expenses	41,630.86	269,360	0	0	0	0
Equipment	19,682.65	27,637	0	0	0	0
Total Agency Costs	<u>\$489,354.64</u>	<u>\$487,397</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund	489,354.64	487,397	0	0	0	0
Total Funding	<u>\$489,354.64</u>	<u>\$487,397</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Legislature - HOUSE	489,354.64	487,397	0	0	0	0
Total Program Costs	<u>\$489,354.64</u>	<u>\$487,397</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

# Environmental Quality Council

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	7.00	7.00	7.00	.00	7.00	.00
Personal Services	239,361.54	240,580	253,330	-4,022	253,608	-4,027
Operating Expenses	45,516.50	80,412	58,332	-9,530	59,543	-9,677
Equipment	4,154.50	2,500	1,054	0	1,054	0
<b>Total Agency Costs</b>	<b>\$289,032.54</b>	<b>\$323,492</b>	<b>\$312,716</b>	<b>\$-13,552</b>	<b>\$314,205</b>	<b>\$-13,704</b>
General Fund	278,111.99	279,020	299,164	0	300,501	0
State Special Revenue Fund	10,920.55	44,472	13,552	-13,552	13,704	-13,704
<b>Total Funding</b>	<b>\$289,032.54</b>	<b>\$323,492</b>	<b>\$312,716</b>	<b>\$-13,552</b>	<b>\$314,205</b>	<b>\$-13,704</b>
Environmental Quality Program	278,111.99	309,020	299,164	0	300,501	0
Water Policy Committee	10,920.55	14,472	13,552	-13,552	13,704	-13,704
<b>Total Program Costs</b>	<b>\$289,032.54</b>	<b>\$323,492</b>	<b>\$312,716</b>	<b>\$-13,552</b>	<b>\$314,205</b>	<b>\$-13,704</b>

**MISSION STATEMENT:** To effectively and efficiently meet statutory and other assigned responsibilities embodied in the Montana Environmental Policy Act and other relevant statutes and directives that will lead to informed decisions on state natural resource policy.

To enable the Water Policy Committee to effectively and efficiently meet statutory responsibilities assigned to the Water Policy Committee in 85-2-105, MCA and 85-2-436, MCA.

1111-01 ENVIRONMENTAL QUALITY PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	6.75	6.75	6.75	.00	6.75	.00
Personal Services	236,912.30	235,048	249,308	0	249,581	0
Operating Expenses	37,045.19	71,472	48,802	0	49,866	0
Equipment	4,154.50	2,500	1,054	0	1,054	0
Total Agency Costs	\$278,111.99	\$309,020	\$299,164	\$0	\$300,501	\$0
General Fund	278,111.99	279,020	299,164	0	300,501	0
State Special Revenue Fund	0.00	30,000	0	0	0	0
Total Funding Costs	\$278,111.99	\$309,020	\$299,164	\$0	\$300,501	\$0

**CURRENT LEVEL SERVICES:** The request for operating expenses increases over FY92 actual levels, primarily for printing, travel, and rent. Printing increases by \$1,693 in FY94 and \$5,148 in FY95. Travel for staff and EQC Committee members increases by \$6,142 in FY94 and \$3,500 in FY95. \$2,500 is requested each year for office rent which the agency has not been charged in the past and

which is not reflected in the rent cost allocation schedule prepared by the Department of Administration.

The general equipment request is for \$1,000 each year compared with \$4,100 spent in FY92 for computer equipment.



1111-02 WATER POLICY COMMITTEE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.25	.25	.25	.00	.25	.00
Personal Services	2,449.24	5,532	4,022	-4,022	4,027	-4,027
Operating Expenses	8,471.31	8,940	9,530	-9,530	9,677	-9,677
Total Agency Costs	<u>\$10,920.55</u>	<u>\$14,472</u>	<u>\$13,552</u>	<u>\$-13,552</u>	<u>\$13,704</u>	<u>\$-13,704</u>
State Special Revenue Fund	10,920.55	14,472	13,552	-13,552	13,704	-13,704
Total Funding Costs	<u>\$10,920.55</u>	<u>\$14,472</u>	<u>\$13,552</u>	<u>\$-13,552</u>	<u>\$13,704</u>	<u>\$-13,704</u>

**CURRENT LEVEL SERVICES:** The request for the Water Policy Committee is presented as submitted to the Office of Budget and Program Planning in accordance with 17-7-122(2), MCA. The

request is similar to previous biennia although it is allocated evenly between FY94 and FY95. A biennial appropriation is normally authorized for this program.

## POLICY INITIATIVE

Water Policy Committee functions should be combined with those of the State Water Plan Advisory Council.

*1967 Water Resources Act outlines management goals and State Water Plan; DNRC is responsible*

The 1967 Legislature passed the Water Resources Act which outlines water management goals for the state and calls for a State Water Plan, which is to be comprehensive and encourage coordinated development and use of Montana's water resources. The Department of Natural Resources and Conservation (DNRC) is responsible for developing the plan.

*Water plan collaborative problem solving and consensus solutions*

Over the intervening years, the DNRC approach to preparing the biennial State Water Plan has matured into comprehensive process of developing management solutions through collaborative problem solving which involves legislators, individuals and groups participating in identifying problems, alternatives and solutions; developing consensus solutions; planning ways to balance competing water uses; improving communication, cooperation and coordination among jurisdictions; and updating and revising the plan.

*1984 creation of Water Policy Committee made significant contributions*

The 1983-84 Select Committee on Water Marketing recommended creation of a permanent eight-member Water Policy Committee to advise the legislature on the adequacy of the state water policy and of developments that affect Montana's water resources; oversee the policies and activities of the DNRC and other state agencies as they affect the water resources of the state; and communicate with the public on matters of water policy. The Water Policy Committee has made significant contributions to the legislature and the state in these areas of responsibility.

*Functions be combined, with legislators to serve on the council*

Currently, the Governor is responsible for appointing the State Water Plan Advisory Council and the Senate Committee on Committees and the Speaker of the House of Representatives each appoint four members of the Water Policy Committee.

*"Oversight" functions proper role for legislative staff*

It is recommended that the water policy functions of the Water Policy Committee be combined with those of the State Water Plan Advisory Council and that the Senate Committee on Committees and the Speaker of the House of Representatives each appoint two legislators to serve on the council, with the Governor continuing to appoint other members. It is suggested that review and comment "oversight" functions area proper role for legislative staff regarding not just water, but all functions of state government.

*RIT for water policy not continued*

Consistent with this initiative, 1995 biennium funding from the resource indemnity trust interest reclamation and development account for the Water Policy Committee is not continued under the modification/policy column. The current level budget is presented as requested and required by law for legislative branch agencies. Elimination of the committee would make an additional \$27,256 available for grants during the 1995 biennium. Action on this initiative would lead to a bill amending 85-2-105, MCA, to eliminate the Water Policy Committee and amending 85-1-203, MCA, to include appointment of four legislators to the State Water Plan Advisory Council and adjust related provisions.

*Action would lead to a bill amending MCA*

## Consumer Counsel

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	4.25	4.85	4.25	1.00	5.25	4.25	1.00	5.25
Personal Services	216,007.32	255,341	226,925	50,832	277,757	227,162	50,874	278,036
Operating Expenses	400,176.29	689,791	718,045	3,438	721,483	719,594	3,239	722,833
Equipment	5,665.58	1,710	2,927	0	2,927	2,085	0	2,085
Total Agency Costs	<u>\$621,849.19</u>	<u>\$946,842</u>	<u>\$947,897</u>	<u>\$54,270</u>	<u>\$1,002,167</u>	<u>\$948,841</u>	<u>\$54,113</u>	<u>\$1,002,954</u>
State Special Revenue Fund	621,849.19	946,842	947,897	54,270	1,002,167	948,841	54,113	1,002,954
Total Funding	<u>\$621,849.19</u>	<u>\$946,842</u>	<u>\$947,897</u>	<u>\$54,270</u>	<u>\$1,002,167</u>	<u>\$948,841</u>	<u>\$54,113</u>	<u>\$1,002,954</u>
Administration Program	621,849.19	946,842	947,897	54,270	1,002,167	948,841	54,113	1,002,954
Total Program Costs	<u>\$621,849.19</u>	<u>\$946,842</u>	<u>\$947,897</u>	<u>\$54,270</u>	<u>\$1,002,167</u>	<u>\$948,841</u>	<u>\$54,113</u>	<u>\$1,002,954</u>

**MISSION STATEMENT:** To represent the utility and transportation consuming public of the State of Montana in hearings before the public service commission or any other successor agency, and before state and federal courts and administrative agencies.

**CURRENT LEVEL SERVICES:** The current level request is above the FY92 actual level primarily in the area of consultant services. The request for consultant services exceeds FY92 by \$310,000 each year based upon an historical average determined by the agency plus the ongoing \$100,000 contingency for potential caseload

increases or extraordinary case expenses. Other operating increases include \$1,720 for more legal database usage and \$1,972 for hearings transcripts based upon the median cost for the past five years.

**MODIFIED LEVEL SERVICES:** 1.00 FTE, over \$50,800 in personal services, and associated communication and travel authority is requested for continuation of a utility economist added by approval of the Legislative Consumer Committee during FY93. The reason for the modification is to enable the agency to meet increased

workload requirements from industry and regulatory changes. The workload increases relate to increased regular filings with the Public Service Commission, tariff price lists and cost information filings by telecommunication utilities, and increased rulemaking at both the state and federal levels.



# Judiciary

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	93.50	94.00	92.50	.00	92.50	92.50	.00	92.50
Personal Services	5,026,718.66	5,333,323	4,926,982	0	4,926,982	4,939,734	0	4,939,734
Operating Expenses	1,001,750.52	1,390,709	1,274,474	0	1,274,474	1,273,780	0	1,273,780
Equipment	283,765.10	213,400	353,005	0	353,005	372,010	0	372,010
Grants	2,916,744.16	2,985,405	3,143,290	0	3,143,290	3,291,290	0	3,291,290
<b>Total Agency Costs</b>	<b>\$9,228,978.44</b>	<b>\$9,922,837</b>	<b>\$9,697,751</b>	<b>\$0</b>	<b>\$9,697,751</b>	<b>\$9,876,814</b>	<b>\$0</b>	<b>\$9,876,814</b>
General Fund	8,184,776.12	8,811,646	8,912,856	0	8,912,856	9,058,493	0	9,058,493
State Special Revenue Fund	1,028,129.33	1,111,191	784,895	0	784,895	818,321	0	818,321
Federal Special Revenue Fund	16,072.99	0	0	0	0	0	0	0
<b>Total Funding</b>	<b>\$9,228,978.44</b>	<b>\$9,922,837</b>	<b>\$9,697,751</b>	<b>\$0</b>	<b>\$9,697,751</b>	<b>\$9,876,814</b>	<b>\$0</b>	<b>\$9,876,814</b>
Supreme Court Operations	1,467,334.55	1,513,714	1,635,140	0	1,635,140	1,630,385	0	1,630,385
Boards And Commissions	224,166.58	231,277	300,172	0	300,172	310,170	0	310,170
Law Library	727,892.91	724,058	848,287	0	848,287	869,931	0	869,931
District Court Operations	3,150,130.34	3,426,518	2,973,439	0	2,973,439	2,984,992	0	2,984,992
Water Courts Supervision	495,640.96	531,191	518,626	0	518,626	516,524	0	516,524
Clerk Of Court	164,744.92	167,708	189,025	0	189,025	183,743	0	183,743
District Court Reimbursement	2,680,561.00	3,060,478	3,233,062	0	3,233,062	3,381,069	0	3,381,069
Hb 903 AUTOMATION	318,507.18	267,893	0	0	0	0	0	0
<b>Total Program Costs</b>	<b>\$9,228,978.44</b>	<b>\$9,922,837</b>	<b>\$9,697,751</b>	<b>\$0</b>	<b>\$9,697,751</b>	<b>\$9,876,814</b>	<b>\$0</b>	<b>\$9,876,814</b>

**MISSION STATEMENT:** The judicial branch of state government is provided for in Article III, Section 1, and Article VII of the 1972 Montana Constitution. The jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all courts, and rule making for Montana courts.

The Judicial branch request is presented in the table below in accordance with 17-7-122(3), MCA, which states "Judicial branch requests must be included in the budget submitted by the governor, but expenditures above current level funding need not be part of the balanced financial plan pursuant to 17-7-123."

# JUDICIAL BRANCH REQUEST

Program	FY94			FY95		
	Judicial Request	Exec Budget Recommend	Difference	Judicial Request	Exec Budget Recommend	Difference
Supreme Court Operations	1,653,464	1,635,140	18,324	1,648,272	1,630,385	17,887
Boards and Commissions	300,172	300,172	0	310,170	310,170	0
Law Library	874,175	848,287	25,888	895,813	869,931	25,882
District Court Operations	3,029,860	2,973,439	56,421	3,042,406	2,984,992	57,414
Water Courts Supervision	546,307	518,626	27,681	541,913	516,524	25,389
Clerk of Court	189,086	189,025	61	183,807	183,743	64
District Court Reimbursement	3,233,062	3,233,062	0	3,381,069	3,381,069	0
Funding Summary:	9,826,126	9,697,751	128,375	10,003,450	9,876,814	126,636
General Fund	9,016,800	8,912,856	103,944	9,196,240	9,058,493	137,747
State Special- Water Development	546,307	518,626	27,681	541,913	516,524	25,389
State Special- Other	263,019	266,269	(3,250)	265,297	301,797	(36,500)
	9,826,126	9,697,751	128,375	10,003,450	9,876,814	126,636

NOTE: The Judicial request was submitted as current level but includes 1.00 new FTE in the Law Library.

# 2110-01 SUPREME COURT OPERATIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	30.00	30.00	30.00	.00	30.00	.00
Personal Services	1,143,352.71	1,160,071	1,263,702	0	1,263,702	0
Operating Expenses	299,408.12	353,643	343,822	0	343,822	0
Equipment	24,573.72	0	27,616	0	27,616	0
Total Agency Costs	<u>\$1,467,334.55</u>	<u>\$1,513,714</u>	<u>\$1,635,140</u>	<u>\$0</u>	<u>\$1,635,140</u>	<u>\$0</u>
General Fund	1,467,334.55	1,513,714	1,635,140	0	1,630,385	0
Total Funding Costs	<u>\$1,467,334.55</u>	<u>\$1,513,714</u>	<u>\$1,635,140</u>	<u>\$0</u>	<u>\$1,630,385</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** The executive recommendation includes increases in personal services above FY92 based upon the Supreme Court justices January 1, 1993 salary level authorized in SB228, and the FY93 continuation of the court's law clerk parity adjustments. Travel increases over \$6,000 each year primarily due

to various conferences and training sessions court members attend that are essential to insure effective court operation. Equipment increases \$3,000 each year in the 1995 biennium over the FY92 actual level. The request includes \$21,616 each year for continued computer hardware and software support of court automation.

# 2110-02 BOARDS AND COMMISSIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	3.00	3.00	3.00	.00	3.00	.00
Personal Services	97,898.23	76,594	107,810	0	107,812	0
Operating Expenses	125,303.88	154,683	189,260	0	201,056	0
Equipment	964.47	0	3,102	0	1,302	0
Total Agency Costs	<u>\$224,166.58</u>	<u>\$231,277</u>	<u>\$300,172</u>	<u>\$0</u>	<u>\$310,170</u>	<u>\$0</u>
General Fund	224,166.58	231,277	232,153	0	222,873	0
State Special Revenue Fund	0.00	0	68,019	0	87,297	0
Total Funding Costs	<u>\$224,166.58</u>	<u>\$231,277</u>	<u>\$300,172</u>	<u>\$0</u>	<u>\$310,170</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** The executive recommendation includes the agency proposal to offset general fund with state special revenue of over \$30,000 each year from fees charged to bar applicants for character and fitness investigations performed by the state bar. Travel increases are requested for the Commission on Courts of Limited Jurisdiction.

Limited court judges training is switched to state special revenue funding from general fund for the 1995 biennium. The fees collected are currently deposited to the general fund. About \$17,000 in additional expenses and fee-based funding is proposed in FY95 for mandated certification testing.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	6.50	6.50	6.50	.00	6.50	.00
Personal Services	198,335.18	208,547	213,753	0	213,760	0
Operating Expenses	308,205.73	320,511	361,034	0	355,671	0
Equipment	221,352.00	195,000	273,500	0	300,500	0
Total Agency Costs	<u>\$727,892.91</u>	<u>\$724,058</u>	<u>\$848,287</u>	<u>\$0</u>	<u>\$869,931</u>	<u>\$0</u>
General Fund	727,892.91	724,058	650,037	0	655,431	0
State Special Revenue Fund	<u>0.00</u>	<u>0</u>	<u>198,250</u>	<u>0</u>	<u>214,500</u>	<u>0</u>
Total Funding Costs	<u>\$727,892.91</u>	<u>\$724,058</u>	<u>\$848,287</u>	<u>\$0</u>	<u>\$869,931</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** The executive recommendation includes: \$6,000 for appraisal of the law library collection requested by the Legislative Auditor; \$4,000 for cleaning of the collection not provided by janitorial services; \$3,500 each year for equipment required for maintenance of U.S. government depository collection and CD-ROM work stations; \$5,000 each year for book

binding, and allowance for book inflation of 11% in FY94 and FY95. The law library also proposes that fees collected from patrons for the use of the legal database service be accounted for in a state special revenue account with specific language that funds are to be used only for this service. Currently the library has a general fund appropriation for this research tool.

**MODIFIED LEVEL SERVICES:** One additional FTE is proposed. Staffing deficiencies include no current support for installation, upgrading, maintenance, and repair of the substantial investment of the state in a highly automated information center. Additional

accounting and budgetary support is required to monitor the anticipated \$275,000 revenues which the law library will deposit to the general fund in each year of the biennium. Annual salary and benefits would be \$24,163.

# 2110-04 DISTRICT COURT OPERATIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	36.00	36.50	37.00	.00	37.00	.00
Personal Services	3,010,860.37	3,271,136	2,751,702	0	2,751,702	0
Operating Expenses	139,269.97	155,382	182,174	0	182,019	0
Equipment	0.00	0	39,563	0	40,726	0
Total Agency Costs	<u>\$3,150,130.34</u>	<u>\$3,426,518</u>	<u>\$2,973,439</u>	<u>\$0</u>	<u>\$2,984,992</u>	<u>\$0</u>
General Fund	2,617,641.97	2,846,518	2,973,439	0	2,984,992	0
State Special Revenue Fund	532,488.37	580,000	0	0	0	0
Total Funding Costs	<u>\$3,150,130.34</u>	<u>\$3,426,518</u>	<u>\$2,973,439</u>	<u>\$0</u>	<u>\$2,984,992</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** The executive recommendation includes an increase for the renegotiation of the lease for cars in high travel districts, \$3,500 increase each year for training new judges (26 district judge seats will be up for election in FY95), and

about \$80,000 for the biennium for automation of district judges offices. This level of funding will expand automation by approximately six court offices during each year of the biennium.

# 2110-05 WATER COURTS SUPERVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	11.00	11.00	11.00	.00	11.00	.00
Personal Services	370,444.91	398,967	417,138	0	417,151	0
Operating Expenses	90,187.14	113,824	99,525	0	99,373	0
Equipment	35,008.91	18,400	1,963	0	0	0
Total Agency Costs	<u>\$495,640.96</u>	<u>\$531,191</u>	<u>\$518,626</u>	<u>\$0</u>	<u>\$516,524</u>	<u>\$0</u>
State Special Revenue Fund	495,640.96	531,191	518,626	0	516,524	0
Total Funding Costs	<u>\$495,640.96</u>	<u>\$531,191</u>	<u>\$518,626</u>	<u>\$0</u>	<u>\$516,524</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** The executive recommendation contains various operating expense increases including an increase

of about \$4,500 in FY94 for advertising and postage related to adjudication of the Fort Peck-Montana Compact.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	4.00	4.00	4.00	.00	4.00	.00
Personal Services	140,277.71	129,713	144,382	0	144,433	0
Operating Expenses	24,467.21	37,995	39,248	0	39,310	0
Equipment	0.00	0	5,395	0	0	0
<b>Total Agency Costs</b>	<b>\$164,744.92</b>	<b>\$167,708</b>	<b>\$189,025</b>	<b>\$0</b>	<b>\$183,743</b>	<b>\$0</b>
General Fund	164,744.92	167,708	189,025	0	183,743	0
<b>Total Funding Costs</b>	<b>\$164,744.92</b>	<b>\$167,708</b>	<b>\$189,025</b>	<b>\$0</b>	<b>\$183,743</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The 1995 biennium recommendation includes \$5,395 in FY94 for additional shelving for storage of Supreme Court records. Operating expenses increase in various

categories above FY92, including copy charges, resumption of certified mailings of original court documents, and storage rental.

## 2110-07 DISTRICT COURT REIMBURSEMENT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	1.00	1.00	1.00	.00	1.00	.00
Personal Services	25,615.71	27,697	28,495	0	28,502	0
Operating Expenses	6,246.04	47,376	59,411	0	59,411	0
Equipment	1,866.00	0	1,866	0	1,866	0
Grants	2,646,833.25	2,985,405	3,143,290	0	3,291,290	0
<b>Total Agency Costs</b>	<b>\$2,680,561.00</b>	<b>\$3,060,478</b>	<b>\$3,233,062</b>	<b>\$0</b>	<b>\$3,381,069</b>	<b>\$0</b>
General Fund	2,680,561.00	3,060,478	3,233,062	0	3,381,069	0
<b>Total Funding Costs</b>	<b>\$2,680,561.00</b>	<b>\$3,060,478</b>	<b>\$3,233,062</b>	<b>\$0</b>	<b>\$3,381,069</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The executive budget recommends increases of \$552,500 in FY94 and \$700,500 in FY95 over the FY92 actual level, due to the anticipation of additional collections of motor vehicle fees. Operating expenses increase significantly for an independent audit of program expenses and reimbursements

required before grants are awarded, as well as for indirect cost recharges. Most of the increase is in reimbursable expenses and grants. Expenditures in this program are limited to the total fees collected each year.



# Chiropractic Legal Panel

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	8,792.31	16,000	0	0	0	0
Total Agency Costs	\$8,792.31	\$16,000	\$0	\$0	\$0	\$0
State Special Revenue Fund	8,792.31	16,000	0	0	0	0
Total Funding	\$8,792.31	\$16,000	\$0	\$0	\$0	\$0
Legal Panel Operations	8,792.31	16,000	0	0	0	0
Total Program Costs	\$8,792.31	\$16,000	\$0	\$0	\$0	\$0

**MISSION STATEMENT:** To review all malpractice claims or potential claims against chiropractic physicians in order to prevent, if possible, filed court actions against chiropractic physicians for professional liability. Facilitate the fair and equitable disposition of such claims that are reasonably well founded.

**CURRENT LEVEL SERVICES:** Current level services include consultant fees for the executive director and panel members and travel expenses for panel members. The number of claims reviewed by the panel is expected to increase during the 1995

biennium; therefore, consultant fees requested for six panel members increase from \$2,206 to \$6,000. Fees for the executive director remain constant at \$6,000 per year. The request for travel reimbursement increases by 70% above the FY92 level.

## Governor's Office

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	59.50	58.50	55.25	4.75	60.00	60.50
Personal Services	2,091,296.56	2,051,203	2,236,554	167,464	2,404,018	2,425,892
Operating Expenses	633,369.87	852,545	756,721	153,262	909,983	818,420
Equipment	198,155.07	1,000	65,040	10,004	75,044	32,720
Total Agency Costs	<u>\$2,922,821.50</u>	<u>\$2,904,748</u>	<u>\$3,058,315</u>	<u>\$330,730</u>	<u>\$3,389,045</u>	<u>\$3,277,032</u>
General Fund	2,448,975.84	2,304,578	2,474,033	330,730	2,804,763	2,689,682
State Special Revenue Fund	18,647.55	108,759	95,500	0	95,500	95,500
Federal Special Revenue Fund	455,198.11	491,411	488,782	0	488,782	491,850
Total Funding	<u>\$2,922,821.50</u>	<u>\$2,904,748</u>	<u>\$3,058,315</u>	<u>\$330,730</u>	<u>\$3,389,045</u>	<u>\$3,277,032</u>
Executive Office Program	977,755.22	1,073,930	1,131,904	58,007	1,189,911	1,165,135
Mansion Maintenance Program	53,734.37	55,603	49,561	0	49,561	49,999
Air Transportation Program	279,250.82	127,607	145,329	0	145,329	162,771
Office Of Budget & Pgm Planning	801,786.71	803,623	830,224	258,723	1,088,947	981,907
Northwest Regional Power Act	399,909.20	424,201	419,391	0	419,391	422,242
Lt. Governor	155,644.22	162,585	197,491	0	197,491	199,626
Citizens Advocate Office	74,489.07	66,712	75,668	0	75,668	73,712
Mental Dis Bd Visitors	180,251.89	190,487	208,747	14,000	222,747	221,640
Total Program Costs	<u>\$2,922,821.50</u>	<u>\$2,904,748</u>	<u>\$3,058,315</u>	<u>\$330,730</u>	<u>\$3,389,045</u>	<u>\$3,277,032</u>

**MISSION STATEMENT:** To oversee and direct the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates, in a manner that provides necessary and affordable services to the citizens of Montana.

3101-01 EXECUTIVE OFFICE PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	21.50	21.50	20.00	1.50	20.00	1.50
Personal Services	765,990.07	749,120	800,661	58,007	801,336	58,004
Operating Expenses	209,514.15	324,810	306,303	0	287,585	0
Equipment	2,251.00	0	24,940	0	18,210	0
Total Agency Costs	\$977,755.22	\$1,073,930	\$1,131,904	\$58,007	\$1,107,131	\$58,004
						\$1,165,135
General Fund	961,595.67	990,171	1,046,404	58,007	1,021,631	58,004
State Special Revenue Fund	16,159.55	83,759	85,500	0	85,500	0
Total Funding Costs	\$977,755.22	\$1,073,930	\$1,131,904	\$58,007	\$1,107,131	\$58,004
						\$1,165,135

**CURRENT LEVEL SERVICES:** The current level request shows a decrease of 1.50 FTE from FY92 into the 1995 biennium because of the 5% personal services reduction amendment (Section 13, HB2). Personal services increase because the FY93 pay plan is carried into the next biennium, and because the office was forced to leave 7% of FY92 authorized positions vacant to meet special session budget cuts.

The office is requesting replacement equipment including: computer equipment to replace obsolete machines and computers loaned

from other departments; typewriters; and office furniture. Also requested is document imaging equipment and software to address paper flow difficulties in the office by allowing electronic filing of documents.

The Flathead Basin Commission requests state special revenue account spending authority which exceeds FY92 actual expenditures. The Flathead Basin Commission formerly operated under a statutory appropriation.

**MODIFIED LEVEL SERVICES:** 5% Personal Services Modification 1.50 FTE were removed from the current level budget to meet the 5% Cobb amendment target. Before the reduction, Executive

Office FTE were at the lowest level since at least 1976; the executive recommendation requests that these FTE be restored.



# 3101-02 MANSION MAINTENANCE PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	1.50	1.50	1.50	.00	1.50	.00
Personal Services	31,346.99	29,420	33,164	0	33,134	0
Operating Expenses	22,387.38	26,183	16,397	0	16,865	0
Total Agency Costs	\$53,734.37	\$55,603	\$49,561	\$0	\$49,999	\$0
General Fund	53,734.37	55,603	49,561	0	49,999	0
Total Funding Costs	\$53,734.37	\$55,603	\$49,561	\$0	\$49,999	\$0

**CURRENT LEVEL SERVICES:** The Mansion Maintenance Program funds maintenance of the Governor's residence. The program was formerly budgeted to pay the building's electricity and water charges, but not natural gas. To maintain consistency with other buildings in the Capitol Complex, these charges have been budgeted in the Department of Administration, General Services Division, which pays utilities for most other agencies in state

government.

Personal services increase above FY92 because the FY93 pay plan is carried into the next biennium, and because the Mansion left .20 FTE vacant (13% vacancy rate) to meet special session budget cuts.

## 3101-03 AIR TRANSPORTATION PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	1.00	1.00	1.00	.00	1.00	.00
Personal Services	24,923.75	29,636	43,593	0	44,127	0
Operating Expenses	69,684.10	97,971	101,736	0	116,544	0
Equipment	184,642.97	0	0	0	2,100	0
Total Agency Costs	\$279,250.82	\$127,607	\$145,329	\$0	\$162,771	\$0
General Fund	276,762.82	117,607	135,329	0	152,771	0
State Special Revenue Fund	2,488.00	10,000	10,000	0	10,000	0
Total Funding Costs	\$279,250.82	\$127,607	\$145,329	\$0	\$162,771	\$0

**CURRENT LEVEL SERVICES:** The legislature, in Special Session 1 in January, 1992, required the Governor's Office to sell its current aircraft for a net price of approximately \$575,000 by the end of FY92. As the target price could not be obtained, the aircraft was

not sold. However, the legislature reduced operating expenses for FY92 and FY93 by 25%, effective January 1992, in anticipation of the plane's sale and purchase of a smaller aircraft.

Because of the extensive impact of across-the-board cuts as well as the 25% reduction, the budgeted pilot position was left vacant for approximately one-half of FY92. The current level budget funds this position at 100%.

FY1992	FY1993
Actual	Appropriated

	Fiscal Year 1994		Fiscal Year 1995		
	Current Level	Mods/Policy	Total	Current Level	Mods/Policy

The office is requesting replacement computer equipment to replace personal computers which are not adequate in speed, disk storage, and memory for use in the budget process. As the Budget Office maintains the central server computer for the Governor/Lt. Governor computer network, the request for network software upgrades is included in this program. Other regular software upgrades are also requested.

Other regular software upgrades are included in this program. Other regular software upgrades are also requested.

specifications approved by both offices. Development will include an exploration of bringing the system down to a PC-based platform with significant long-run general fund savings to the state. \$100,000 is requested in FY94 to develop the new system.

Staff Computer Training. The executive budget requests a modification for recurrent staff computer training. This modification requests \$5,400 per year for such training.



## POLICY INITIATIVE

The state should begin working towards budgeting by performance and outcome measures during the 1995 biennium.

*State vision and goals will begin to provide the framework for policy direction*

*1995 biennium budget includes missions and policy initiatives*

*It makes less and less sense for appropriations to be based on budget detail*

*Mission-driven budgets relieve legislators of micromanagement decisions*

A vision for the State of Montana and goals for state government's role in meeting that vision have been developed by the Montana Futures Project and are presented in this executive budget for the first time. Similar to Minnesota Milestones, Oregon Benchmarks and efforts in many other states, the vision and goals will begin to provide the framework for governors, legislators and agencies to establish policy direction and, ultimately, appropriate state funds.

The 1995 biennium budget includes the missions, goals and objectives of state agencies as a step towards clearly-established state priorities. For the first time, policy initiatives directed toward achieving state goals are highlighted in the budget for legislative consideration.

Because less and less of what government does is simple, patterned and repetitive, it makes less and less sense for appropriations to be based on budget detail or for across-the-board decisions such as vacancy savings, limiting appropriations subcommittees to a specific dollar amount, etc. The important decisions include such things as: What is the mission, who is the agency/program serving and why, what is the most effective and efficient structure to accomplish the goals, and what results to agency personnel and the legislature expect?

"Mission-driven budgets relieve legislators of micromanagement decisions, freeing them to focus on the larger problems they were elected to solve." (*Reinventing Government*, p. 124) The 1995 biennium budget takes the first step toward mission-driven budgeting. Some agencies have excellent missions, goals and objectives--and are recognizing in their day-to-day operations that mission-driven agencies are more efficient than rule-driven organizations and are more effective at producing better results. Other agencies are at the starting point of beginning to develop a concise, clear mission statement.

The Governmental Accounting Standards Board has published its intention to require performance measures and benchmark accomplishments standards for all state agencies before the end of this decade. Most states are moving in the direction of using missions, goals and objectives to set policy for appropriations decision making. Some states and most large corporations are developing and beginning to use outputs and outcomes measures for budgeting purposes. Incrementally, Montana can do the same, building on the 1995 biennium budget presented to the 1993 Legislature; providing staff assistance to agencies in developing missions and goals; developing performance and outcome measures for the most significant indicators; and improving the quality of decision-making information afforded to legislators.

Recommended are 2.00 FTE in OBPP with \$100,000 general fund each year of the 1995 biennium for

*Governmental Accounting Standards Board to require accomplishments standards before the end of this decade. Outputs and outcomes measure for budgeting purposes. Improving the quality of decision-making information*

*Recommended are 2.00 FTE in OBPP \$100,000 general fund*



*each year* personal services, operating expenses and initial equipment including PCs, software and office furnishings.

3101-09 NORTHWEST REGIONAL POWER ACT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	6.50	6.50	6.50	.00	6.50	6.50
Personal Services	273,285.06	280,423	297,025	0	297,158	297,158
Operating Expenses	126,045.14	142,778	122,366	0	125,084	125,084
Equipment	579.00	1,000	0	0	0	0
Total Agency Costs	\$399,909.20	\$424,201	\$419,391	\$0	\$422,242	\$422,242
Federal Special Revenue Fund	399,909.20	424,201	419,391	0	422,242	422,242
Total Funding Costs	\$399,909.20	\$424,201	\$419,391	\$0	\$422,242	\$422,242

**CURRENT LEVEL SERVICES:** The Northwest Power Planning Council is funded entirely from Bonneville Power Administration funds and is one of four states that make up the regional council. Personal services increase above FY92 because .50 FTE was left vacant in FY92 to meet vacancy savings requirements.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	4.00	4.00	4.00	.00	4.00	.00
Personal Services	125,514.52	126,759	171,346	0	171,366	0
Operating Expenses	29,840.70	35,826	25,505	0	25,860	0
Equipment	289.00	0	640	0	2,400	0
Total Agency Costs	\$155,644.22	\$162,585	\$197,491	\$0	\$199,626	\$0
General Fund	155,644.22	147,585	197,491	0	199,626	0
State Special Revenue Fund	0.00	15,000	0	0	0	0
Total Funding Costs	\$155,644.22	\$162,585	\$197,491	\$0	\$199,626	\$0

**CURRENT LEVEL SERVICES:** The Lieutenant Governor's Office is authorized 4.00 FTE, which includes the Lt. Governor's position. The executive recommendation requests full funding for the fourth authorized FTE. Funding for the position, but not the position itself, was deleted during the first special session.

Operating expenses decrease in the 1995 biennium below FY92

even though expenses were reduced in FY92 to meet vacancy savings requirements.

The equipment recommendation includes a FY95 request for a personal computer to replace a machine borrowed from another state agency. Also included are upgrades for word processing software.

3101-16 CITIZENS ADVOCATE OFFICE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	1.50	1.50	1.50	.00	1.50	.00
Personal Services	54,848.19	47,231	55,855	0	55,855	0
Operating Expenses	19,640.88	19,481	18,553	0	17,860	0
Equipment	0.00	0	1,260	0	0	0
Total Agency Costs	\$74,489.07	\$66,712	\$75,668	\$0	\$73,712	\$0
General Fund	60,045.00	51,712	60,668	0	58,712	0
Federal Special Revenue Fund	14,444.07	15,000	15,000	0	15,000	0
Total Funding Costs	\$74,489.07	\$66,712	\$75,668	\$0	\$73,712	\$0

**CURRENT LEVEL SERVICES:** Personal services and operating expenses continue at the FY92 base level. There is \$15,000 in federal funding for the office, which was added in the first special session, and is continued into the next biennium. The office is reimbursed for toll-free line accessibility provide to the Aging

Services Office in the Department of Family Services (DFS) and to the Department of Social and Rehabilitation Services (SRS).

Two typewriters are requested to replace outdated equipment.

3101-20 MENTAL DIS BD VISITORS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	4.50	4.50	4.50	.00	4.50	.00
Personal Services	144,701.61	136,754	159,263	0	159,262	0
Operating Expenses	34,347.28	53,733	43,464	14,000	45,978	14,000
Equipment	1,203.00	0	6,020	0	2,400	0
Total Agency Costs	\$180,251.89	\$190,487	\$208,747	\$14,000	\$207,640	\$14,000
General Fund	139,407.05	138,277	154,356	14,000	153,032	14,000
Federal Special Revenue Fund	40,844.84	52,210	54,391	0	54,608	0
Total Funding Costs	\$180,251.89	\$190,487	\$208,747	\$14,000	\$207,640	\$14,000

**CURRENT LEVEL SERVICES:** The board is required by law to review all state facilities for the mentally ill or developmentally disabled. In FY92, some reviews were postponed because of

vacancy savings imposed on the program. Each review has associated costs for honoraria paid to the Board, for consultant fees, for travel, and for writing reports on each facility review. The



following reviews are scheduled in the 1995 biennium:

FY94: Region I Mental Health Center (MHC); Region II MHC; Region III MHC; Revision IV MHC; Region V MHC; Center for the Aged; Eastmont; and Montana Developmental Center.

FY95: Region I MHC; Region II MHC; Region III MHC; Revision IV

MHC; Region V MHC; Billings Rivendell; Butte Rivendell; and Montana State Hospital.

The board's equipment request includes a photocopier to replace a loaned, obsolete copier; two replacement PC's; and upgrades for word processing and disk operating system software.

**MODIFIED LEVEL SERVICES:** MDC Legal Representation The Board requests \$14,000 per year in general fund to contract with outside counsel to provide legal representation to the residents of

Montana Developmental Center at their annual recommitment hearings.

# Secretary of State's Office

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	35.25	35.25	33.30	1.95	33.30	1.95
Personal Services	860,344.39	866,715	877,638	42,985	920,623	43,034
Operating Expenses	573,450.20	624,471	599,373	32,500	631,873	32,500
Equipment	15,668.50	19,153	37,622	0	37,622	0
Total Agency Costs	\$1,449,463.09	\$1,510,339	\$1,514,633	\$75,485	\$1,590,118	\$75,534
General Fund	938,543.75	964,097	932,612	71,026	1,003,638	71,069
State Special Revenue Fund	182,804.29	186,956	216,347	0	216,347	0
Proprietary Fund	328,115.05	359,286	365,674	4,459	370,133	4,465
Total Funding	\$1,449,463.09	\$1,510,339	\$1,514,633	\$75,485	\$1,590,118	\$75,534
Business & Government Services	938,543.75	964,097	932,612	71,026	1,003,638	71,069
Administrative Code Program	182,804.29	186,956	216,347	0	216,347	0
Records Management	328,115.05	359,286	365,674	4,459	370,133	4,465
Total Program Costs	\$1,449,463.09	\$1,510,339	\$1,514,633	\$75,485	\$1,590,118	\$75,534

**MISSION STATEMENT:** To maintain a central filing point for business registrations, uniform commercial code financing statements, including agricultural products in accordance with the Federal Food Security Act of 1985, notary public registrations as well as provide efficient and cost effective records management services, including the official records of the executive branch and the acts of the legislature. The office serves as the central filing and publication source for the Administrative Rules of Montana and the Montana Administrative Register. The Secretary of State serves as Montana's chief election official and is responsible for the application, operation, and interpretation of elections laws.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	22.50	22.50	21.25	1.70	21.25	1.70
Personal Services	543,308.27	536,669	552,725	38,526	554,103	38,569
Operating Expenses	387,921.98	419,867	366,117	32,500	419,394	32,500
Equipment	7,313.50	7,561	13,770	0	7,057	0
Total Agency Costs	<u>\$938,543.75</u>	<u>\$964,097</u>	<u>\$932,612</u>	<u>\$71,026</u>	<u>\$980,554</u>	<u>\$71,069</u>
			<u>\$1,003,638</u>		<u>\$1,003,638</u>	
General Fund	938,543.75	964,097	932,612	71,026	980,554	71,069
Total Funding Costs	<u>\$938,543.75</u>	<u>\$964,097</u>	<u>\$932,612</u>	<u>\$71,026</u>	<u>\$980,554</u>	<u>\$71,069</u>
			<u>\$1,051,623</u>		<u>\$1,051,623</u>	

**CURRENT LEVEL SERVICES:** 1.25 net FTE and \$27,961 in general fund are reduced in accordance with Section 13, HB2.

The recommended operating expense level for FY94 is essentially the same as FY92. FY95 contains cyclical election year increases of \$44,000 for publishing proposed constitutional amendments in newspapers, and \$33,876 for printing of various publications including the voter information pamphlet. It is estimated that the costs of publishing proposed constitutional amendments in FY93

will be \$43,680.

The FY94 equipment recommendation includes \$11,330 for a second microfiche reader-printer to enable the office to meet demand for approximately 40,000 copies per year, maintain and increase the general fund revenue from production of the copies, and reduce repair and maintenance expenses and downtime for the current reader-printer.

**MODIFIED LEVEL SERVICES:** Microfilming of Corporate Documents \$32,500 has been requested for each year of the biennium for the duplication of corporate records. This request is to provide compliance with 2-6-111(5), MCA, which requires retention of two copies of all corporation, trademark, assumed business name, limited partnership, and bonds by the Secretary of State's office.

**5% Personal Services Reversal** The restoration of 1.70 FTE reduced in compliance with Section 13, HB2, is recommended as a modification. The net reduction in current level FTE in this program was 1.25 due to the reallocation of fractional FTE from other programs. Restoration is requested to maintain current level services and to avoid significant overtime costs.



# 3201-03 ADMINISTRATIVE CODE PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	3.50	3.50	3.25	.00	3.25	.00
Personal Services	99,762.76	104,379	99,013	0	99,013	0
Operating Expenses	83,041.53	80,985	115,877	0	115,877	0
Equipment	0.00	1,592	1,457	0	1,457	0
Total Agency Costs	\$182,804.29	\$186,956	\$216,347	\$0	\$216,347	\$0
State Special Revenue Fund	182,804.29	186,956	216,347	0	216,347	0
Total Funding Costs	\$182,804.29	\$186,956	\$216,347	\$0	\$216,347	\$0

**CURRENT LEVEL SERVICES:** 0.25 FTE and \$6,058 state special revenue are reduced each year in compliance with Section 13, HB2.

The 1995 biennium recommendation contains a request for additional authority of approximately \$26,248 and \$13,415 per

year respectively to cover the costs of printing the Administrative Rules of Montana and the Montana Administrative Register. The FY94 total includes the cost of reprinting the entire administrative rules to replenish the office inventory. These printing costs will be recovered through sales and subscriptions received from users.

## 3201-04 RECORDS MANAGEMENT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	9.25	9.25	8.80	.25	9.05	.25
Personal Services	217,273.36	225,667	225,900	4,459	230,359	4,465
Operating Expenses	102,486.69	123,619	117,379	0	117,379	0
Equipment	8,355.00	10,000	22,395	0	22,395	0
Total Agency Costs	\$328,115.05	\$359,286	\$365,674	\$4,459	\$370,133	\$4,465
Proprietary Fund	328,115.05	359,286	365,674	4,459	370,133	4,465
Total Funding Costs	\$328,115.05	\$359,286	\$365,674	\$4,459	\$370,133	\$4,465

**CURRENT LEVEL SERVICES:** 0.45 FTE and \$11,522 in proprietary funds are reduced each year in compliance with Section 13, HB2.

\$5,000 is requested in FY94 for consulting and professional services for the development or purchase of an automated

inventory system for the records center. \$8,355 is requested each year for the purchase of additional records box storage shelving to accommodate the net annual growth. This is the same amount incurred in FY92. \$9,670 is requested in FY94 and \$9,800 in FY95 for rebuilt or used duplicators. The equipment request also

includes \$3,690 for a microfilm jacketer in FY94, and \$5,600 for a reader-printer in FY95.

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**MODIFIED LEVEL SERVICES:** 5% Personal Services Reversal 0.25 FTE reduced by the Section 13, HB2 requirement is recommended for restoration as a modification. 0.45 FTE was reduced from

current level in this program; however, the remaining 0.20 FTE was fractionally reallocated to the Business and Government Services program.

# Commissioner of Political Practices

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	3.25	3.25	3.25	.00	3.25	.00
Personal Services	94,008.83	103,127	97,697	0	98,021	0
Operating Expenses	38,172.43	41,416	31,315	0	29,135	0
Equipment	531.50	500	1,525	0	1,564	0
Debt Service	1,176.00	1,176	232	0	0	0
Total Agency Costs	\$133,888.76	\$146,219	\$130,769	\$0	\$128,720	\$0
General Fund	133,888.76	146,219	130,769	0	128,720	0
Total Funding	\$133,888.76	\$146,219	\$130,769	\$0	\$128,720	\$0
Administration	133,888.76	146,219	130,769	0	128,720	0
Total Program Costs	\$133,888.76	\$146,219	\$130,769	\$0	\$128,720	\$0

**MISSION STATEMENT:** In a fair and impartial manner, to monitor and to enforce campaign practices and campaign finance disclosure, lobbying disclosure, and business interest disclosure of public officials and to investigate legitimate complaints that arise concerning any of the above.

**CURRENT LEVEL SERVICES:** Legal fees increase \$1,743 in FY94 and \$2,743 in FY95 due to an increase in complaints during the primary and general election periods. Operating also reflects an increase of \$4,231 in FY94 and \$4,731 in FY95 for the printing of forms and accounting manual in FY94 and printing of forms and campaign finance book in FY95. Also in FY95 is the printing of

campaign finance and practice laws, a new duty currently carried out by the secretary of state through FY94.

Equipment replacement of a printer, two computer drives, and an upgrade of an existing computer of approximately \$1,000 each year is included in the recommendation.



## State Auditor's Office

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Modis/Policy	Total	Current Level	Modis/Policy	Total
Full Time Equivalent Employees	70.00	71.00	66.67	1.00	67.67	66.67	1.00	67.67
Personal Services	1,826,941.39	1,838,866	2,015,228	20,961	2,036,189	2,019,645	20,991	2,040,636
Operating Expenses	1,049,229.96	1,007,376	1,142,274	42,286	1,184,560	1,046,211	56,029	1,102,240
Equipment	79,802.63	15,251	25,437	0	25,437	0	0	0
Local Assistance	16,636,962.00	19,080,000	0	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$19,592,935.98</b>	<b>\$21,941,493</b>	<b>\$3,182,939</b>	<b>\$63,247</b>	<b>\$3,246,186</b>	<b>\$3,065,856</b>	<b>\$77,020</b>	<b>\$3,142,876</b>
General Fund	2,293,214.65	2,106,624	2,140,424	7,378	2,147,802	2,016,997	11,241	2,028,238
State Special Revenue Fund	8,037,844.98	8,459,208	882,102	18,375	900,477	889,562	28,285	917,847
Federal Special Revenue Fund	9,108,842.84	11,180,000	0	0	0	0	0	0
Proprietary Fund	153,033.51	195,661	160,413	37,494	197,907	159,297	37,494	196,791
<b>Total Funding</b>	<b>\$19,592,935.98</b>	<b>\$21,941,493</b>	<b>\$3,182,939</b>	<b>\$63,247</b>	<b>\$3,246,186</b>	<b>\$3,065,856</b>	<b>\$77,020</b>	<b>\$3,142,876</b>
Central Management	349,456.49	278,179	274,724	0	274,724	271,949	0	271,949
State Payroll	586,882.79	548,352	600,216	0	600,216	547,270	0	547,270
Insurance	948,149.77	973,998	1,107,038	0	1,107,038	1,096,589	0	1,096,589
Securities	299,534.11	300,544	302,933	0	302,933	300,559	0	300,559
Local Assistance Distributions	6,516,294.54	6,900,000	0	0	0	0	0	0
Forest Res & Fpga To Counties	9,108,842.84	11,180,000	0	0	0	0	0	0
Pension Adj Retired Firemen	1,011,824.62	1,000,000	0	0	0	0	0	0
Fiscal Control And Management	771,950.82	760,420	898,028	63,247	961,275	849,489	77,020	926,509
<b>Total Program Costs</b>	<b>\$19,592,935.98</b>	<b>\$21,941,493</b>	<b>\$3,182,939</b>	<b>\$63,247</b>	<b>\$3,246,186</b>	<b>\$3,065,856</b>	<b>\$77,020</b>	<b>\$3,142,876</b>

**MISSION STATEMENT:** The State Auditor is both the Commissioner of Insurance and the Commissioner of Securities. The State Auditor is charged with the duty of licensing and regulating insurance companies and producers within the state. The State Auditor is also assigned the responsibility of regulating and registering issuers, securities salesmen, broker-dealers, investment advisers, and investment adviser representatives. The State Auditor is also director of the State's central payroll system. The State Auditor's Office is required by nature to continuously advance and upgrade to protect and serve the needs of Montana consumers and state agencies.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	8.00	8.00	8.00	.00	8.00	.00
Personal Services						
Operating Expenses	225,796.79	211,110	243,257	0	243,739	0
Equipment	50,157.77	55,813	31,137	0	28,210	0
	73,501.93	11,256	330	0	0	0
Total Agency Costs	\$349,456.49	\$278,179	\$274,724	\$0	\$271,949	\$0
General Fund	349,456.49	278,179	274,724	0	271,949	0
Total Funding Costs	\$349,456.49	\$278,179	\$274,724	\$0	\$271,949	\$0

**CURRENT LEVEL SERVICES:** There are no major increases above FY92. \$2,000 per year is requested for legal consultation in the area of compensatory time and the Fair Labor Standards Act. Advertising for vacant positions accounts for about \$1,000 of the

FY94 increase. Advertising is a combined agency request for all programs. Other increases relate to fixed cost allocations such as data network and rent.

3401-02 STATE PAYROLL

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	9.00	9.00	8.00	.00	8.00	.00
Personal Services						
Operating Expenses	239,921.24	238,324	250,162	0	250,820	0
	346,961.55	310,028	350,054	0	296,450	0
Total Agency Costs	\$586,882.79	\$548,352	\$600,216	\$0	\$547,270	\$0
General Fund	224,155.97	177,826	243,129	0	188,458	0
State Special Revenue Fund	362,726.82	370,526	357,087	0	358,812	0
Total Funding Costs	\$586,882.79	\$548,352	\$600,216	\$0	\$547,270	\$0

**CURRENT LEVEL SERVICES:** 1.00 FTE payroll clerk and \$19,532 in general fund is eliminated each year in compliance with Section 13, HB2.

category) and about \$15,500 in biennial audit fees. Refer to the reorganization of state financial and personnel management systems policy initiative under the Department of Administration for the description of the proposed transfer of this program. Other references include the HJR48 Subcommittee report and the bill draft request by the Legislative Audit Committee to implement the recommendation of the HJR48 Subcommittee report.

The significant operating increases involve fixed cost allocations including over \$25,000 in warrant writing fees allocated to non-general fund state payroll warrants (a new fixed cost allocation



# 3401-03 INSURANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	31.00	31.00	30.00	.00	30.00	.00
Personal Services	806,104.88	820,998	935,160	0	935,160	0
Operating Expenses	138,931.79	151,005	168,578	0	168,578	0
Equipment	3,113.10	1,995	3,300	0	3,300	0
<b>Total Agency Costs</b>	<b>\$948,149.77</b>	<b>\$973,998</b>	<b>\$1,107,038</b>	<b>\$0</b>	<b>\$1,107,038</b>	<b>\$0</b>
General Fund	948,149.77	932,148	1,107,038	0	1,107,038	0
State Special Revenue Fund	0.00	41,850	0	0	0	0
<b>Total Funding Costs</b>	<b>\$948,149.77</b>	<b>\$973,998</b>	<b>\$1,107,038</b>	<b>\$0</b>	<b>\$1,107,038</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** 1.00 FTE insurance investigator and \$35,934 general fund is eliminated each year in compliance with Section 13, HB2.

administrative hearings officer. More aggressive work by the agency in administrative actions is expected to result in more hearings.

Operating expense increases primarily involve fixed cost allocations including \$10,614 in FY94 for biennial audit fees and \$12,117 each year for data network fees. Consulting and professional services increase about \$3,000 per year for the services of an

\$3,300 is recommended in FY94 for office equipment replacement. Chairs and partitions have been identified as program equipment priorities.

## 3401-04 SECURITIES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	9.00	9.00	8.00	.00	8.00	.00
Personal Services	259,197.35	252,939	255,051	0	255,407	0
Operating Expenses	40,196.76	47,605	47,882	0	45,152	0
Equipment	140.00	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$299,534.11</b>	<b>\$300,544</b>	<b>\$302,933</b>	<b>\$0</b>	<b>\$302,933</b>	<b>\$0</b>
General Fund	299,534.11	300,544	302,933	0	300,559	0
<b>Total Funding Costs</b>	<b>\$299,534.11</b>	<b>\$300,544</b>	<b>\$302,933</b>	<b>\$0</b>	<b>\$300,559</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** 1.00 FTE investment examiner and \$33,056 general fund is eliminated each year in compliance with



Operating expenses do not increase significantly above FY92. \$3,000 is requested each year for consulting and professional

services primarily for contracted hearings officers necessary for administrative actions against alleged securities violators. This represents an increase of about \$2,200 above FY92. \$3,122 is allocated to the program for biennial audit fees in FY94.

3401-06 LOCAL ASSISTANCE DISTRIBUTIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Local Assistance	6,516,294.54	6,900,000	0	0	0	0
Total Agency Costs	\$6,516,294.54	\$6,900,000	\$0	\$0	\$0	\$0
State Special Revenue Fund	6,516,294.54	6,900,000	0	0	0	0
Total Funding Costs	\$6,516,294.54	\$6,900,000	\$0	\$0	\$0	\$0

3401-08 FOREST RES & FPGA TO COUNTIES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Local Assistance	9,108,842.84	11,180,000	0	0	0	0
Total Agency Costs	\$9,108,842.84	\$11,180,000	\$0	\$0	\$0	\$0
Federal Special Revenue Fund	9,108,842.84	11,180,000	0	0	0	0
Total Funding Costs	\$9,108,842.84	\$11,180,000	\$0	\$0	\$0	\$0

3401-09 PENSION ADJ RETIRED FIREMEN

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Local Assistance	1,011,824.62	1,000,000	0	0	0	0
Total Agency Costs	<u>\$1,011,824.62</u>	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Special Revenue Fund	1,011,824.62	1,000,000	0	0	0	0
Total Funding Costs	<u>\$1,011,824.62</u>	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

3401-10 FISCAL CONTROL AND MANAGEMENT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	13.00	14.00	12.67	1.00	13.67	1.00
Personal Services	295,921.13	315,495	331,598	20,961	352,559	20,991
Operating Expenses	472,982.09	442,925	544,623	42,286	586,909	56,029
Equipment	3,047.60	2,000	21,807	0	21,807	0
Total Agency Costs	<u>\$771,950.82</u>	<u>\$760,420</u>	<u>\$898,028</u>	<u>\$63,247</u>	<u>\$961,275</u>	<u>\$77,020</u>
General Fund	471,918.31	417,927	212,600	7,378	219,978	11,241
State Special Revenue Fund	146,999.00	146,832	525,015	18,375	543,390	28,285
Proprietary Fund	153,033.51	195,661	160,413	37,494	197,907	37,494
Total Funding Costs	<u>\$771,950.82</u>	<u>\$760,420</u>	<u>\$898,028</u>	<u>\$63,247</u>	<u>\$961,275</u>	<u>\$77,020</u>
					<u>\$849,489</u>	<u>\$926,509</u>
					<u>\$849,489</u>	<u>\$926,509</u>

**CURRENT LEVEL SERVICES:** 0.33 FTE administrative clerk position and \$6,520 general fund is eliminated each year in compliance with Section, 13, HB2.

Several increases in operating expenses reflect the growth in state warrant production and the warrant writing system. An increase of \$16,974 each year is directed toward warrant system changes and enhancements necessary to maintain current level production. Forms expense increases by \$17,243 and \$18,448 above FY92 to provide a more accurate current level; only half of the normal

signature warrant stock was purchased in FY92 in anticipation of the change in the elected State Auditor. There is also a modified level request for increased postage due to expected growth in total warrant production. The allocation of biennial audit fees to this program in FY94 is approximately \$17,000 above FY92 actual expenses.

\$21,807 is recommended for equipment purchases in FY94 to allow replacement of an imprinter-detacher and a twenty year old microfiche reader-printer. HB2 requires the State Auditor to

"implement a fee system for the purpose of recovering the operational cost of issuing warrants from all user agencies on an equitable basis." The cost recovery is to apply to "user agencies that are not funded entirely by the general fund" (non-general fund warrants). The plan is fully implemented in the 1995 biennium with current level state special revenue funding replacing general fund in the amount of \$525,015 in FY94 and \$530,750 in FY95. The modified request for increased postage is also funded

**MODIFIED LEVEL SERVICES:** Warrant System Postage \$25,753 is recommended in FY94 and \$39,526 in FY95 for increased postage expense attributed to an estimated 5% annual growth factor in state mailer warrants. The 5% growth factor is derived from the average growth experienced in recent years. The modification is funded proportionally from general fund and state special revenue consistent with the cost recovery plan developed for the warrant writing system. The cost recovery plan includes this postage modification in its cost base.

Bad Debts Expansion 1.00 FTE added by budget amendment in FY93 is continued into the 1995 biennium. Total proprietary

proportionally with warrant fees state special revenue.

Refer to the reorganization of state financial and personnel management systems policy initiative under the Department of Administration for the description of the proposed transfer of this program. Other references include the HJR48 Subcommittee report and the bill draft request by the Legislative Audit Committee to implement the recommendation of the HJR48 Subcommittee report.

funding for the position and related operating expenses is \$37,494 per year. The expansion is proposed to service an additional \$28 million in current income tax receivables and about 40,000 additional debt files from the Department of Revenue. It has been estimated that this combined effort will increase debt collections for the general fund by about \$500,000 per year. The proposed agreement with the Department of Revenue will allow the Income Tax Division access to all state warrants written on the warrant writing system as well as additional debtor locator information which will enhance that division's collection efforts.



# Board of Crime Control

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	19.00	19.00	18.00	.00	18.00	.00	18.00	
Personal Services	545,042.43	583,785	581,042	0	581,042	582,908	0	582,908
Operating Expenses	229,241.64	310,852	182,867	2,020	184,887	185,888	1,960	187,848
Equipment	19,572.30	8,085	9,023	0	9,023	7,066	0	7,066
Grants	3,466,199.33	4,312,619	3,210,244	0	3,210,244	3,210,244	0	3,210,244
Benefits and Claims	452,954.11	569,143	590,000	0	590,000	590,000	0	590,000
Total Agency Costs	\$4,713,009.81	\$5,784,484	\$4,573,176	\$2,020	\$4,575,196	\$4,576,106	\$1,960	\$4,578,066
General Fund	455,253.91	476,133	475,970	0	475,970	478,901	0	478,901
State Special Revenue Fund	618,025.73	1,163,195	571,903	2,020	573,923	571,903	1,960	573,863
Federal Special Revenue Fund	3,639,730.17	4,145,156	3,525,303	0	3,525,303	3,525,302	0	3,525,302
Total Funding	\$4,713,009.81	\$5,784,484	\$4,573,176	\$2,020	\$4,575,196	\$4,576,106	\$1,960	\$4,578,066
Justice System Support Service	4,713,009.81	5,784,484	4,573,176	2,020	4,575,196	4,576,106	1,960	4,578,066
Total Program Costs	\$4,713,009.81	\$5,784,484	\$4,573,176	\$2,020	\$4,575,196	\$4,576,106	\$1,960	\$4,578,066

**MISSION STATEMENT:** To promote public safety by strengthening the coordination and performance of the criminal and juvenile justice system by increasing citizen and public official support and involvement in those systems.

**CURRENT LEVEL SERVICES:** The increase in personal services from FY92 actual expenditures can be attributed to the pay plan increase and vacancy savings. Operating expenses decrease primarily due to lower fixed cost allocations; for example, biennial audit fees are included in the Department of Justice recommendation in the 1995 biennium. There is a reduction in equipment attributed to reduced, prioritized replacement requests. The net increase in pass-through grants to local governments is

attributed to a \$500,000 increase in regional juvenile detention grants funded by the state lottery and slight increase in some block grants such as the Victim Assistance grant. The increase in benefits and claims to individuals is due to securing additional revenue through a federal grant and anticipated additional costs because of expanded benefits for victims of DUI offenders and counseling for immediate family members of victims.

**MODIFIED LEVEL SERVICES:** Improved Victim Services: \$2,020 in FY95 and \$1,960 in FY96 is requested from state special

regarding claims, assistance or information and to provide for increased travel funds for the victim assistance coordinator.

# Highway Traffic Safety

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	8.50	8.50	8.50	.00	8.50	.00
Personal Services	264,130.95	289,679	301,517	0	302,453	0
Operating Expenses	168,830.61	241,324	182,105	0	182,941	0
Equipment	2,955.61	3,000	10,100	0	7,600	0
Local Assistance	183,080.00	184,080	210,000	0	210,000	0
Grants	751,222.48	841,306	900,000	0	900,000	0
Total Agency Costs	\$1,370,219.65	\$1,559,389	\$1,603,722	\$0	\$1,602,994	\$0
General Fund	183,080.00	183,080	210,000	0	210,000	0
State Special Revenue Fund	72,646.47	80,807	85,000	0	86,000	0
Federal Special Revenue Fund	1,114,493.18	1,295,502	1,308,722	0	1,306,994	0
Total Funding	\$1,370,219.65	\$1,559,389	\$1,603,722	\$0	\$1,602,994	\$0
Highway Traffic Safety Div	1,370,219.65	1,559,389	1,603,722	0	1,602,994	0
Total Program Costs	\$1,370,219.65	\$1,559,389	\$1,603,722	\$0	\$1,602,994	\$0

**MISSION STATEMENT:** To promote public health, safety and welfare through efforts to reduce death, injury and property loss resulting from traffic accidents.

**CURRENT LEVEL SERVICES:** The major increase above FY92 is in grants due to Montana's participation in the federal Intermodal Surface Transportation Act of 1991. The National Highway Traffic Safety Administration has authority for incentive grants which are appropriated to qualifying states. Montana has been fortunate in qualifying for these grants.

Operating expenses increase above FY92 due to anticipated

contracts for public information and education to reach the priority goals of the agency. The equipment recommendations include \$2,500 in FY94 for replacement of the agency van engine and transmission, \$5,600 each year for the cyclical replacement of five computers, and \$2,000 each year for software upgrades.

All general fund is budgeted for pass-through grants to local DUI task forces.



## Department of Justice

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
<b>Full Time Equivalent Employees</b>	659.42	655.92	617.90	8.60	626.50	604.40	9.60	614.00
Personal Services	20,782,601.65	21,347,398	21,119,140	298,793	21,417,933	20,934,769	302,451	21,237,220
Operating Expenses	6,679,480.75	7,501,994	7,007,141	1,116,696	8,123,837	6,989,253	685,328	7,674,581
Equipment	1,882,177.72	1,653,224	1,674,547	21,272	1,695,819	1,660,916	11,641	1,672,557
Local Assistance	21,202,485.62	20,200,000	0	0	0	0	0	0
Debt Service	64,663.99	48,828	200,329	27,500	227,829	200,329	55,000	255,329
<b>Total Agency Costs</b>	<b>\$50,611,409.73</b>	<b>\$50,751,444</b>	<b>\$30,001,157</b>	<b>\$1,464,261</b>	<b>\$31,465,418</b>	<b>\$29,785,267</b>	<b>\$1,054,420</b>	<b>\$30,839,687</b>
General Fund	12,061,560.19	12,482,982	13,255,906	-6,017,304	7,238,602	13,050,209	-6,298,328	6,751,881
State Special Revenue Fund	36,716,191.81	35,727,970	15,172,572	7,445,188	22,617,760	15,170,967	7,316,326	22,487,293
Federal Special Revenue Fund	1,295,859.79	1,907,396	981,312	36,377	1,017,689	970,916	36,422	1,007,338
Proprietary Fund	537,797.94	633,096	591,367	0	591,367	593,175	0	593,175
<b>Total Funding</b>	<b>\$50,611,409.73</b>	<b>\$50,751,444</b>	<b>\$30,001,157</b>	<b>\$1,464,261</b>	<b>\$31,465,418</b>	<b>\$29,785,267</b>	<b>\$1,054,420</b>	<b>\$30,839,687</b>
Legal Services Division	1,545,521.18	1,398,665	1,418,010	400,000	1,818,010	1,322,450	0	1,322,450
Agency Legal Services	523,147.94	616,463	572,805	0	572,805	575,520	0	575,520
Gambling Control Division	22,723,497.79	21,904,204	1,410,577	207,331	1,617,908	1,419,139	207,478	1,626,617
Motor Vehicle Division	5,801,225.63	6,206,303	6,501,242	685,983	7,187,225	6,380,325	650,819	7,031,144
Highway Patrol Division	12,584,582.60	12,377,605	13,079,946	36,377	13,116,323	13,082,922	36,422	13,119,344
Law Enforcement Services Div	1,960,838.11	2,527,136	2,135,587	65,132	2,200,719	2,120,114	90,204	2,210,318
County Attorney Payroll	1,238,175.56	1,342,224	1,166,232	69,438	1,235,670	1,167,285	69,497	1,236,782
Law Enforcement Academy Div	614,477.26	603,519	561,709	0	561,709	570,538	0	570,538
Central Services Division	1,174,352.21	1,368,458	464,050	0	464,050	441,372	0	441,372
Data Processing Division	1,071,175.64	1,154,499	1,254,634	0	1,254,634	1,262,858	0	1,262,858
Extradition & Transp Prisoners	217,647.51	143,640	223,945	0	223,945	230,720	0	230,720
Forensic Science Division	1,156,768.30	1,108,728	1,212,420	0	1,212,420	1,212,024	0	1,212,024
<b>Total Program Costs</b>	<b>\$50,611,409.73</b>	<b>\$50,751,444</b>	<b>\$30,001,157</b>	<b>\$1,464,261</b>	<b>\$31,465,418</b>	<b>\$29,785,267</b>	<b>\$1,054,420</b>	<b>\$30,839,687</b>

**MISSION STATEMENT:** Under the direction of the Attorney General, to provide the state level leadership and coordination necessary for effective law enforcement and public safety.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
<hr/>						
Full Time Equivalent Employees	26.51	26.51	25.50	.00	25.50	.00
Personal Services	1,063,785.38	962,007	1,106,079	0	1,106,079	0
Operating Expenses	461,314.31	423,954	291,997	400,000	691,997	0
Equipment	15,924.37	12,704	15,437	0	15,437	0
Debt Service	4,497.12	0	4,497	0	4,497	0
Total Agency Costs	<u>\$1,545,521.18</u>	<u>\$1,398,665</u>	<u>\$1,418,010</u>	<u>\$400,000</u>	<u>\$1,818,010</u>	<u>\$0</u>
General Fund	1,163,510.18	1,160,222	1,418,010	400,000	1,818,010	0
State Special Revenue Fund	382,011.00	238,443	0	0	0	0
Total Funding Costs	<u>\$1,545,521.18</u>	<u>\$1,398,665</u>	<u>\$1,418,010</u>	<u>\$400,000</u>	<u>\$1,818,010</u>	<u>\$0</u>
					<u>\$1,322,450</u>	<u>\$0</u>
					<u>\$1,322,450</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** There is a reduction of 1.00 FTE and \$34,321 general fund each year in compliance with Section 13, HB2. Current level operating expenses decrease below FY92 only by definition: major litigation costs are included in the FY92 actuals as required by statute and are requested in FY94 at modified level. The FY94 current level recommendation includes a recurring \$100,000 biennial request for case related costs for

negotiation and litigation of indian legal matters.

The 1993 biennium contained one-time gambling license fee funding for a portion of the legal services program expenses. The 1995 biennium recommendation returns to 100% general fund support.

**MODIFIED LEVEL SERVICES:** Major Litigation Costs The Attorney General's Office is increasingly called upon to represent the state in complex civil litigation. While the office has been able to use its own attorneys to handle these cases, it has not been able to absorb the costs associated with the hiring of experts and the preparation of extensive pre-trial analysis and discovery.

Because the costs of handling these complex cases cannot be absorbed in the regular budget of the office, the 1991 Legislature appropriated \$400,000 for the 1993 biennium to cover the expenses associated with major civil litigation. The Crow coal case and the Blackfeet water rights case are examples of litigation presently in progress. This modification recommends a biennial appropriation of the same amount for the 1995 biennium.

# 4110-06 AGENCY LEGAL SERVICES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	13.51	13.51	12.50	.00	12.50	.00
Personal Services	448,648.75	497,050	488,857	0	490,201	0
Operating Expenses	67,928.81	114,863	76,903	0	78,274	0
Equipment	4,550.00	4,550	5,025	0	5,025	0
Debt Service	2,020.38	0	2,020	0	2,020	0
<b>Total Agency Costs</b>	<b>\$523,147.94</b>	<b>\$616,463</b>	<b>\$572,805</b>	<b>\$0</b>	<b>\$575,520</b>	<b>\$0</b>
Proprietary Fund	523,147.94	616,463	572,805	0	575,520	0
<b>Total Funding Costs</b>	<b>\$523,147.94</b>	<b>\$616,463</b>	<b>\$572,805</b>	<b>\$0</b>	<b>\$575,520</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** There is an annual reduction of 1.00 FTE and \$38,888 in proprietary funds in compliance with Section 13, HB2. Operating costs increase above FY92 primarily due to higher fixed costs and an FY92 expenditure adjustment.

## 4110-07 GAMBLING CONTROL DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	36.00	36.00	29.00	5.00	29.00	5.00
Personal Services	1,110,884.18	1,177,725	1,027,415	174,536	1,031,945	175,404
Operating Expenses	292,782.76	462,779	332,803	32,795	336,835	32,074
Equipment	117,345.23	63,700	50,359	0	50,359	0
Local Assistance	21,202,485.62	20,200,000	0	0	0	0
<b>Total Agency Costs</b>	<b>\$22,723,497.79</b>	<b>\$21,904,204</b>	<b>\$1,410,577</b>	<b>\$207,331</b>	<b>\$1,419,139</b>	<b>\$207,478</b>
State Special Revenue Fund	22,723,497.79	21,904,204	1,410,577	207,331	1,419,139	207,478
<b>Total Funding Costs</b>	<b>\$22,723,497.79</b>	<b>\$21,904,204</b>	<b>\$1,410,577</b>	<b>\$207,331</b>	<b>\$1,419,139</b>	<b>\$207,478</b>

**CURRENT LEVEL SERVICES:** The 5.00 FTE gambling regulatory staff added in FY92 are deleted from current level but retained as a modified level recommendation in the 1995 biennium. Another 2.00 FTE are reduced in compliance with Section 13, HB2.

contracted hearings officers, and by over \$15,000 each year for travel due to an increase in the number of personnel assigned to field offices and the addition of a field machine inspector. Replacement equipment requests decrease \$67,000 from the FY92 level which included expansion and phase-in purchases.

Operating expenses increase above FY92 by \$12,000 per year for



**MODIFIED LEVEL SERVICES:** Retain Gambling Expansion Staff. The purpose of this modification is to enable the division to adequately meet the duties and responsibilities of the division. 5.00 FTE were requested and approved during the 1991 legislative session as current level staffing was not adequate to meet the demands placed on the division. At the time these FTE were

approved, the division committed to documenting the need for them for the 1993 Legislature. However, vacancy savings requirements did not allow all of the positions to be filled until late spring of 1992. Statistics are currently available which will provide the support necessary for continuation of these 5.00 FTE.

#### 4110-12 MOTOR VEHICLE DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod/Policy	Current Level	Mod/Policy
			Total		Total	
Full Time Equivalent Employees	183.25	182.25	172.25	.00	172.25	.00
Personal Services	3,799,406.32	4,014,494	4,203,345	-18,438	4,184,907	-36,875
Operating Expenses	1,800,561.93	1,956,674	2,010,031	676,921	2,686,952	632,694
Equipment	184,618.07	235,135	141,678	0	141,678	0
Debt Service	16,639.31	0	146,188	27,500	173,688	55,000
Total Agency Costs	\$5,801,225.63	\$6,206,303	\$6,501,242	\$685,983	\$7,187,225	\$650,819
General Fund	5,580,576.03	6,059,781	6,486,742	-6,486,742	0	-6,367,825
State Special Revenue Fund	122,454.00	93,435	0	7,172,725	7,172,725	7,018,644
Federal Special Revenue Fund	98,195.60	53,087	14,500	0	14,500	0
Total Funding Costs	\$5,801,225.63	\$6,206,303	\$6,501,242	\$685,983	\$7,187,225	\$650,819
					\$6,380,325	\$7,031,144
					166.25	166.25
					4,087,036	4,050,161
					2,015,138	2,647,832
					131,963	131,963
					146,188	201,188
					\$6,380,325	\$7,031,144
					6,367,825	7,018,644
					0	12,500
					\$6,380,325	\$7,031,144

**CURRENT LEVEL SERVICES:** There is a decrease of 11.00 FTE in FY94 and 17.00 FTE in FY95. The reduction of 11.00 FTE is in compliance with Section 13, HB2. The additional 6.00 FTE reduction in FY95 are positions in Titling and Registration which will be phased out as automation of motor vehicle functions progresses.

The increases in personal services and operating expenses are a

result of full year budgets for the county vehicle registration automation project, vehicle identification project, and new driver license express stations. These new projects were approved by the 1991 Legislature, but only partially staffed and implemented during the 1993 biennium. Debt service increases are attributed to the implementation of county treasurer and Title and Registration Bureau automation. Computer equipment acquisitions were made through five year lease/purchase agreements with IBM.

**MODIFIED LEVEL SERVICES:** Computer Activity/State Mainframe. This modification transfers the Motor Vehicle Division data processing activity to the state mainframe rather than purchasing a new department computer. Driver's licensing and vehicle registration and titling computer processing will now be handled by the state mainframe rather than the outdated mainframe presently operated by the Department of Justice.

This is a cost effective approach to providing high quality data processing services for the above mentioned applications. Although the proposal results in an increased amount of funding for the Department of Justice of \$689,483 in FY94 and \$657,819 in FY95, the expanded utilization of the state mainframe and reduced ISD operating costs that result from the discontinuing support for the armory mainframe actually provide reduced costs to other



agencies. The reduced costs are realized through significantly lower mainframe processing rates that will offset a portion of the increased funding requested by the department.

Digitizing Records The purpose of this modification is to digitize the record keeping functions of the Title and Registration Bureau necessitated by the need for faster, more accurate access due to automation of all counties, and the critical need to modernize the present record keeping process. At the present time, storage and access to the records are through microfilm. Some of the microfilming equipment has been in use since 1979 and should be replaced on the basis of age alone. Also, the system now in use requires liquid ammonia in the development process which is a potential hazard to bureau personnel. By converting to digital imaging technology, a cost savings will be realized through increased efficiency in record storage and retrieval, and a serious potential safety hazard avoided. This modification also proposes additional savings in the reduction of 2.00 FTE microfilm technicians. Net savings for the 1995 biennium is estimated to be \$10,500 general fund.

Highways Special Revenue Funding Switch Funding for the entire program is transferred from general fund to highways special

#### 4110-13 HIGHWAY PATROL DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	273.15	265.65	259.15	1.50	260.65	251.65
Personal Services	9,155,195.89	9,105,274	9,429,707	36,377	9,466,084	9,338,109
Operating Expenses	2,284,472.19	2,105,550	2,391,327	0	2,391,327	2,446,871
Equipment	1,144,914.52	1,166,781	1,258,912	0	1,258,912	1,297,942
Total Agency Costs	\$12,584,582.60	\$12,377,605	\$13,079,946	\$36,377	\$13,116,323	\$13,082,922
General Fund	317,400.00	214,360	0	0	0	0
State Special Revenue Fund	11,749,278.63	11,642,484	12,512,829	0	12,512,829	12,508,343
Federal Special Revenue Fund	517,903.97	520,761	567,117	36,377	603,494	574,579
Total Funding Costs	\$12,584,582.60	\$12,377,605	\$13,079,946	\$36,377	\$13,116,323	\$13,082,922
					\$36,422	\$36,422
					0	0
					12,508,343	12,508,343
					36,422	611,001
					\$36,422	\$13,119,344

**CURRENT LEVEL SERVICES:** There is a decrease of 14.00 FTE in FY94 and 21.50 FTE in FY95 compared with the FY92 level. 12.00 FTE and \$425,738 in state special revenue are reduced each

year in compliance with Section 13, HB2. An additional 2.00 FTE are recommended for reduction in the program personnel unit; duties can be transferred to the department's centralized services.

revenue. The amount of the funding change, including the above modifications, is \$7,172,725 in FY94 and \$7,018,644 in FY95. Article VIII, Section 6 of the 1972 Montana Constitution outlines the highway revenue non-diversion provision. Section 6 states, in part,:

"... shall be used as authorized by the legislature, after deduction of statutory refunds and adjustments, solely for: ... (c) **Enforcement of highway safety**, driver education ..." (Emphasis added).

The Highway Patrol Division in the Department of Justice is funded predominantly with highways special revenue; the Highway Traffic Safety Division receives 50% of its planning and administration funding from highways special revenue. The primary functions of the Motor Vehicle Division, driver licensing, driver improvement, and motor vehicle titling and registration, fit under the umbrella of the enforcement of highway safety clause. Refer to the policy initiative narrative under the Department of Transportation for further detail.

The remaining 7.50 FTE difference in FY95 is not due to staff reductions: the cadet school will be held once during FY94 and all corresponding FTE are shown in FY94 and not in FY95.

Personal services and operating expenses are impacted by increased estimates for overtime and monthly subsistence

**MODIFIED LEVEL SERVICES:** 1.50 FTE and approximately \$36,400 in federal funds are added each year to the Motor Carrier Safety Assistance Program (MCSAP). The increase is based upon

## 4110-18 LAW ENFORCEMENT SERVICES DIV

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Modis/Policy	Total	Current Level	Modis/Policy	Total
Full Time Equivalent Employees	45.00	48.00	43.50	1.00	44.50	43.50	2.00	45.50
Personal Services	1,315,843.50	1,462,928	1,493,857	36,880	1,530,737	1,503,813	58,003	1,561,816
Operating Expenses	472,821.98	941,204	515,960	6,980	522,940	523,781	20,560	544,341
Equipment	172,172.63	116,354	125,770	21,272	147,042	92,520	11,641	104,161
Debt Service	0.00	6,650	0	0	0	0	0	0
Total Agency Costs	<u>\$1,960,838.11</u>	<u>\$2,527,136</u>	<u>\$2,135,587</u>	<u>\$65,132</u>	<u>\$2,200,719</u>	<u>\$2,120,114</u>	<u>\$90,204</u>	<u>\$2,210,318</u>
General Fund	1,052,835.90	1,080,249	1,322,529	0	1,322,529	1,328,485	0	1,328,485
State Special Revenue Fund	360,611.57	352,676	413,363	65,132	478,495	407,792	90,204	497,996
Federal Special Revenue Fund	547,390.64	1,094,211	399,695	0	399,695	383,837	0	383,837
Total Funding Costs	<u>\$1,960,838.11</u>	<u>\$2,527,136</u>	<u>\$2,135,587</u>	<u>\$65,132</u>	<u>\$2,200,719</u>	<u>\$2,120,114</u>	<u>\$90,204</u>	<u>\$2,210,318</u>

**CURRENT LEVEL SERVICES:** There is an annual decrease of 2.00 FTE from the FY93 current level of 45.50 (the table includes an additional 2.50 FTE added by budget amendment for FY93) in compliance with Section 13, HB2.

**MODIFIED LEVEL SERVICES:** Work Comp Investigators/Support Staff This modification provides an increased level of staffing, 1.00 FTE investigator in FY94 and FY95 and an additional 1.00 FTE support staff in FY95, for the purpose of conducting workers compensation fraud investigations referred to the Department of

## EXECUTIVE BUDGET, GENERAL GOVERNMENT &amp; TRANSPORTATION

payments for uniformed officers. The equipment recommendation includes the routine replacement of patrol vehicles with more than 88,000 miles. \$1,014,000 is requested in FY94 and \$1,079,000 in FY95 for 65 vehicles per year. The replacement schedule was curtailed somewhat during FY92 in order to reduce appropriation transfers.

the approved federal budget for federal fiscal year 1993 which is expected to be maintained in future years.

The major increase is the addition of full year funding for the expansion of the Fire Prevention and Investigation Bureau approved in the 1991 Legislative session. Equipment recommendations are driven by vehicle replacement schedules for investigatory staff throughout the state.

Justice by the State Fund. There is currently one investigative position to supply criminal investigative services. State Fund has requested expansion in this area of investigation to improve fraud detection and prosecution efforts which will help ensure continued availability of benefits for legitimately injured workers.



# 4110-19 COUNTY ATTORNEY PAYROLL

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	19.50	19.50	18.40	1.10	19.50	1.10
Personal Services	1,238,175.56	1,342,224	1,166,232	69,438	1,235,670	69,497
Total Agency Costs	<u>\$1,238,175.56</u>	<u>\$1,342,224</u>	<u>\$1,166,232</u>	<u>\$69,438</u>	<u>\$1,235,670</u>	<u>\$69,497</u>
General Fund	1,238,175.56	1,342,224	1,166,232	69,438	1,235,670	69,497
Total Funding Costs	<u>\$1,238,175.56</u>	<u>\$1,342,224</u>	<u>\$1,166,232</u>	<u>\$69,438</u>	<u>\$1,235,670</u>	<u>\$69,497</u>
			18.40	1.10	19.50	1.10
			1,167,285		1,236,782	
			<u>\$1,167,285</u>		<u>\$1,236,782</u>	
			1,167,285		1,236,782	
			<u>\$1,167,285</u>		<u>\$1,236,782</u>	

**CURRENT LEVEL SERVICES:** There is a reduction of 1.10 FTE each year in compliance with Section 13, HB2.

**MODIFIED LEVEL SERVICES:** The modified level recommendation restores the 1.10 FTE reduced each year in compliance with Section 13, HB2. Restoration will allow compliance with statutory requirements to pay one-half of county attorney salaries and benefits from the general fund.

## 4110-22 LAW ENFORCEMENT ACADEMY DIV

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	10.50	10.50	8.50	.00	8.50	.00
Personal Services	333,118.56	328,106	298,013	0	298,893	0
Operating Expenses	262,038.55	259,357	246,696	0	254,645	0
Equipment	11,935.19	8,000	8,000	0	8,000	0
Debt Service	7,384.96	8,056	9,000	0	9,000	0
Total Agency Costs	<u>\$614,477.26</u>	<u>\$603,519</u>	<u>\$561,709</u>	<u>\$0</u>	<u>\$570,538</u>	<u>\$0</u>
General Fund	601,539.69	603,519	561,709	0	570,538	0
Federal Special Revenue Fund	12,937.57	0	0	0	0	0
Total Funding Costs	<u>\$614,477.26</u>	<u>\$603,519</u>	<u>\$561,709</u>	<u>\$0</u>	<u>\$570,538</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** There is a decrease of 2.00 FTE each year. 0.50 FTE is reduced in compliance with Section 13, HB2, and 1.50 FTE is reduced in relation to recommended reductions in the professional and specialized course component of the academy. Basic training courses are not directly affected by this reduction. Approximately \$18,000 in operating expenses is reduced each year



attributed to the scope reduction for the professional training component.

#### 4110-28 CENTRAL SERVICES DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	10.00	10.00	8.60	.00	8.60	.00
Personal Services	946,405.36	1,000,137	304,122	0	304,373	0
Operating Expenses	133,311.98	363,321	155,928	0	132,999	0
Equipment	94,634.87	5,000	4,000	0	4,000	0
<b>Total Agency Costs</b>	<b>\$1,174,352.21</b>	<b>\$1,368,458</b>	<b>\$464,050</b>	<b>\$0</b>	<b>\$441,372</b>	<b>\$0</b>
General Fund	161,565.38	186,343	197,685	0	188,024	0
State Special Revenue Fund	878,704.82	999,145	247,803	0	235,693	0
Federal Special Revenue Fund	119,432.01	166,337	0	0	0	0
Proprietary Fund	14,650.00	16,633	18,562	0	17,655	0
<b>Total Funding Costs</b>	<b>\$1,174,352.21</b>	<b>\$1,368,458</b>	<b>\$464,050</b>	<b>\$0</b>	<b>\$441,372</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** There is a decrease of 0.40 current level FTE each year in compliance with Section 13, HB2. The other decrease of 1.00 FTE is attributed to a position added by budget amendment which is not considered current level. Operating expense increases are primarily for fixed costs such as biennial

audit fees and insurance. The equipment recommendation is consistent with prior years; however, the FY92 actual amount includes significant acquisitions made with state and federal drug forfeiture funds.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	24.00	26.00	23.00	.00	23.00	.00
Personal Services	636,634.73	690,875	768,490	0	770,050	0
Operating Expenses	376,063.33	413,502	416,952	0	424,136	0
Equipment	24,355.36	16,000	35,068	0	34,548	0
Debt Service	34,122.22	34,122	34,124	0	34,124	0
Total Agency Costs	<u>\$1,071,175.64</u>	<u>\$1,154,499</u>	<u>\$1,254,634</u>	<u>\$0</u>	<u>\$1,262,858</u>	<u>\$0</u>
General Fund	822,010.64	821,098	936,634	0	932,858	0
State Special Revenue Fund	249,165.00	260,401	318,000	0	330,000	0
Federal Special Revenue Fund	0.00	73,000	0	0	0	0
Total Funding Costs	<u>\$1,071,175.64</u>	<u>\$1,154,499</u>	<u>\$1,254,634</u>	<u>\$0</u>	<u>\$1,262,858</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** There is a decrease of 1.00 FTE below FY92 in compliance with Section 13, HB2. Operating expenses increase mainly in fixed costs such as data network charges and rent. The prioritized equipment recommendations include \$14,548 each year to add four new sites per year to the

state Criminal Justice Information Network (CJIN), \$14,500 for replacement of the program vehicle in FY94 and \$20,000 for installation of a protocol converter for the CJIN interface with national law enforcement networks in FY95.

## 4110-30 EXTRADITION &amp; TRANSP PRISONERS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	217,647.51	143,640	223,945	0	230,720	0
Total Agency Costs	<u>\$217,647.51</u>	<u>\$143,640</u>	<u>\$223,945</u>	<u>\$0</u>	<u>\$230,720</u>	<u>\$0</u>
General Fund	217,647.51	143,640	223,945	0	230,720	0
Total Funding Costs	<u>\$217,647.51</u>	<u>\$143,640</u>	<u>\$223,945</u>	<u>\$0</u>	<u>\$230,720</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** Current level increases are due to

inflation increases in travel expense categories.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	18.00	18.00	17.50	.00	17.50	.00
Personal Services	734,503.42	766,578	833,023	0	833,023	0
Operating Expenses	310,537.40	317,150	344,599	0	344,599	0
Equipment	111,727.48	25,000	30,298	0	30,298	0
Debt Service	0.00	0	4,500	0	4,500	0
Total Agency Costs	<u>\$1,156,768.30</u>	<u>\$1,108,728</u>	<u>\$1,212,420</u>	<u>\$0</u>	<u>\$1,212,420</u>	<u>\$0</u>
General Fund	906,299.30	871,546	942,420	0	942,420	0
State Special Revenue Fund	250,469.00	237,182	270,000	0	270,000	0
Total Funding Costs	<u>\$1,156,768.30</u>	<u>\$1,108,728</u>	<u>\$1,212,420</u>	<u>\$0</u>	<u>\$1,212,420</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** There is a decrease of 0.50 FTE and \$29,747 general fund each year in compliance with Section 13, HB2. In addition to inflation increases in operating expenses, there are requested increases in rent, laboratory gas, and maintenance

for equipment. The laboratory equipment recommendation is well below the FY92 level. An expensive gas chromatograph with mass selective detector was replaced during FY92 but is not scheduled for replacement during the 1995 biennium.



## Department of Transportation

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	2,004.77	2,020.07	1,845.37	160.25	2,005.62	1,845.37	160.25	2,005.62
Personal Services	62,589,367.91	65,973,156	65,875,891	3,995,218	69,871,109	66,389,940	4,015,002	70,404,942
Operating Expenses	211,691,314.37	231,384,761	229,756,952	24,078,346	253,835,298	231,979,127	23,487,188	255,466,315
Equipment	6,732,355.46	6,185,430	7,005,861	1,458,487	8,464,348	6,442,992	1,741,487	8,184,479
Capital Outlay	4,703,609.30	4,208,211	6,258,434	0	6,258,434	6,258,434	0	6,258,434
Local Assistance	202,662.59	243,000	0	0	0	0	0	0
Grants	15,035,369.15	17,929,901	1,112,309	1,050,899	2,163,208	1,096,327	634,454	1,730,781
Transfers	23,437,080.93	35,636,104	12,719,822	0	12,719,822	17,288,233	0	17,288,233
Debt Service	12,867.35	14,219	12,641	0	12,641	12,641	0	12,641
Total Agency Costs	\$324,404,627.06	\$361,574,782	\$322,741,910	\$30,582,950	\$353,324,860	\$329,467,694	\$29,878,131	\$359,345,825
General Fund	386,544.92	391,830	36,070	100,000	136,070	36,157	0	36,157
State Special Revenue Fund	171,732,515.10	196,977,944	145,381,976	22,367,197	167,749,173	150,536,294	22,409,655	172,945,949
Federal Special Revenue Fund	138,152,351.66	149,799,146	161,894,162	6,887,753	168,781,915	163,382,553	6,468,476	169,851,029
Proprietary Fund	14,133,215.38	14,101,581	15,429,702	1,228,000	16,657,702	15,512,690	1,000,000	16,512,690
Expendable Trust Fund	0.00	304,281	0	0	0	0	0	0
Total Funding	\$324,404,627.06	\$361,574,782	\$322,741,910	\$30,582,950	\$353,324,860	\$329,467,694	\$29,878,131	\$359,345,825
General Operations Program	22,573,654.77	22,790,647	9,917,248	1,452,628	11,369,876	10,120,869	1,619,596	11,740,465
Construction Program	195,765,217.71	213,610,104	214,723,361	6,571,473	221,294,834	216,492,404	6,354,732	222,847,136
Maintenance Program	47,661,846.25	50,421,824	48,732,593	11,118,706	59,851,299	48,672,271	11,222,867	59,895,138
State Motor Pool	729,601.65	391,829	892,945	228,000	1,120,945	766,709	0	766,709
Equipment Program	13,336,698.28	13,641,166	14,464,139	1,000,000	15,464,139	14,672,579	1,000,000	15,672,579
Interfund Transfers Program	23,429,980.19	35,626,104	12,702,221	0	12,702,221	17,270,632	0	17,270,632
Stores Inventory	14,227,849.88	14,901,886	14,452,195	8,785,091	23,237,286	14,611,934	8,873,391	23,485,325
G.V.W.	3,863,877.44	4,180,860	4,208,970	70,000	4,278,970	4,222,024	0	4,222,024
Aeronautics Program	782,047.97	1,019,126	671,658	0	671,658	681,278	0	681,278
Rail & Transit Program	2,033,852.92	4,991,236	1,976,580	1,357,052	3,333,632	1,956,994	807,545	2,764,539
Total Program Costs	\$324,404,627.06	\$361,574,782	\$322,741,910	\$30,582,950	\$353,324,860	\$329,467,694	\$29,878,131	\$359,345,825

**MISSION STATEMENT:** Serve the public by establishing a transportation system which emphasizes safety, environmental preservation and cost-effectiveness.

## POLICY INITIATIVE

Increase the gas and diesel tax by five cents effective May 1, 1993.

### *A declining fund balance for several years*

The highways special revenue account is projected to incur a deficit by FY95 in the absence of either a revenue increase or a major reduction in the highway construction and maintenance programs. The highways special revenue account has experienced a declining fund balance for several years due to a variety of factors including: a relatively stagnant tax base (i.e., no significant growth in the consumption of taxable fuels) in a period of rising program costs; debt service for an accelerated construction program in the mid-1980s funded by the sale of \$150 million in revenue bonds; increases in the level of federal aid requiring state match; enactment of the 100% state-funded reconstruction trust program; and shifts in program funding from general fund to the highways special revenue account.

### *\$155 million per year in federal funds, continue reconstruction trust at \$20 million per year, \$7.1 million for motor vehicle program, \$1.25 million for state parks roads*

For the Department of Transportation, the executive budget recommends matching an estimated \$155 million per year in federal obligation authority, continuation of the reconstruction trust program at approximately \$20 million in contract obligations per year, and \$13.6 million in budget modifications. For the Department of Justice, the executive budget recommends that \$14.2 million in funding over the biennium for the motor vehicle program be transferred from the general fund to highways special revenue. For the Department of Fish, Wildlife and Parks, the executive budget recommends \$1.25 million per year for renovation of parking lots at state parks to comply with the Americans with Disabilities Act, for parks roads, and for cooperative projects with counties for access roads.

### *Increase gasoline and diesel tax by 5 cents May 1, 1993*

The executive budget recommends increasing the gasoline license tax rate established in 15-70-204,MCA, and the diesel fuel and volatile liquids tax rate established in 15-70-321, MCA, by 5 cents effective May 1, 1993. The increase in fuel taxes provides the department with sufficient cash balances to meet estimated obligations through FY95. At the end of FY95 the balance is approximately \$15.5 million. The 1995 legislature will need to address a potential shortfall in the highway special revenues, contingent upon the level of the federal highway program at that time.



**MONTANA DEPARTMENT OF TRANSPORTATION  
COMBINED WORKING CASH FLOW - HWY SPECIAL REVENUE FUNDS**

	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
<b>BEGINNING WORKING CASH BALANCE</b>	\$90,051,932	\$73,825,353	\$62,577,488	\$40,527,221	\$17,574,124	(\$9,487,656)
<b>REVENUE</b>						
G.V.W.	27,565,489	27,812,792	27,033,668	26,839,500	26,839,500	26,839,500
Gas Tax	84,857,947	88,246,748	102,533,596	100,790,415	100,790,415	100,790,415
Diesel Tax	25,146,999	28,453,298	31,412,367	31,220,000	31,220,000	31,220,000
Accounts Receivable	3,616,539	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585
Coal Tax	5,212,093	0	4,880,649	4,919,321	4,963,218	4,995,618
Stores	11,969,515	14,901,886	23,237,286	23,485,325	23,955,032	24,434,132
Department of Justice	40,880	0	0	0	0	0
<b>TOTAL REVENUE</b>	<b>158,409,462</b>	<b>160,690,309</b>	<b>190,373,151</b>	<b>188,530,146</b>	<b>189,043,750</b>	<b>189,555,250</b>
<b>AVAILABLE WORKING CASH</b>	<b>248,461,394</b>	<b>234,515,662</b>	<b>252,950,639</b>	<b>229,057,367</b>	<b>206,617,873</b>	<b>180,067,595</b>
<b>EXPENDITURES</b>						
G.V.W.	3,715,305	4,180,866	4,206,970	4,222,024	4,306,464	4,392,594
General Operations	7,893,349	6,422,261	8,546,828	8,904,517	9,082,607	9,264,259
Construction	43,351,525	33,909,822	38,827,328	37,712,847	38,641,541	38,401,992
Maintenance	47,661,846	49,972,920	59,762,385	59,806,224	61,002,348	62,222,395
Bond Principal & Interest	12,012,890	18,476,333	18,480,983	18,483,983	18,491,253	17,857,918
Long Range Building	371,403	0	1,581,220	0	1,581,220	0
Local Government	14,132,602	14,146,250	14,075,000	14,075,000	14,075,000	14,075,000
Reconstruction Trust	16,412,519	16,794,297	19,563,285	20,632,500	20,404,703	20,456,488
Stores	14,227,850	14,901,886	23,237,286	23,485,325	23,955,032	24,434,132
Department of Justice	12,030,200	11,923,178	19,812,503	19,831,020	20,227,640	20,632,193
Dept. of F.W. & P.	38,186	84,000	1,334,000	1,334,000	1,334,000	1,334,000
1987 Bond Arbitrage Rebate	2,121,000	0	0	0	0	0
Tribal Distributions	35,842	936,724	2,600,000	2,600,000	2,600,000	2,600,000
Rail & Transit	151,165	189,637	395,630	395,804	403,720	411,794
Adjustments	480,359					
<b>TOTAL EXPENDITURES</b>	<b>174,636,041</b>	<b>171,938,174</b>	<b>212,423,418</b>	<b>211,483,244</b>	<b>216,105,529</b>	<b>216,082,766</b>
<b>ENDING WORKING CASH BALANCE</b>	<b>73,825,353</b>	<b>62,577,488</b>	<b>40,527,221</b>	<b>17,574,124</b>	<b>(9,487,656)</b>	<b>(36,015,171)</b>

The above table shows the cash flow projections for the highway special revenue account. The balances for FY94 through FY97 reflect the recommended fuel tax increase of 5 cents per gallon effective May, 1, 1993.

Revenue projections in FY93 and FY94 reflect the 7% surcharge enacted by the second special session of the 52nd legislature. The distribution of the coal severance tax that was eliminated for FY93

is to resume in FY94. The alcohol incentive rebate is assumed to be \$1.5 million per year beginning in FY94.

Expenditures for FY94 and FY95 reflect the proposed budget for the Department of Transportation including modifications, the Department of Justice, and the Department of Fish, Wildlife, and Parks. The increase in tribal distributions reflects the anticipated agreements being negotiated between the state and tribal



governments concerning taxes collected on the reservations.

Projected expenditures in FY96 through FY97 were increased approximately 2% per year for inflation except for the following: (1) the construction and reconstruction trust budget was determined based on anticipated levels of federal funds available

and the construction work plan, (2) the expenditures for Bond Principal and Interest are based on debt service schedules, and (3) the expenditures for local government distributions, long range building, Department of Fish, Wildlife and Parks, and tribal distributions remain unchanged.

# 5401-01 GENERAL OPERATIONS PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	167.08	180.68	163.58	26.50	190.08	163.58	26.50	190.08
Personal Services	5,039,295.94	5,613,834	5,424,152	740,568	6,164,720	5,442,859	741,636	6,184,495
Operating Expenses	3,343,682.22	3,032,143	4,204,029	708,060	4,912,089	4,512,969	137,960	4,650,929
Equipment	157,064.98	187,520	276,426	4,000	280,426	152,400	740,000	892,400
Grants	14,021,000.00	13,946,000	0	0	0	0	0	0
Debt Service	12,611.63	11,150	12,641	0	12,641	12,641	0	12,641
Total Agency Costs	\$22,573,654.77	\$22,790,647	\$9,917,248	\$1,452,628	\$11,369,876	\$10,120,869	\$1,619,596	\$11,740,465
State Special Revenue Fund	21,815,286.13	21,516,135	8,215,066	331,762	8,546,828	8,485,892	418,625	8,904,517
Federal Special Revenue Fund	758,368.64	1,274,512	1,702,182	1,120,866	2,823,048	1,634,977	1,200,971	2,835,948
Total Funding Costs	\$22,573,654.77	\$22,790,647	\$9,917,248	\$1,452,628	\$11,369,876	\$10,120,869	\$1,619,596	\$11,740,465

**CURRENT LEVEL SERVICES:** In accordance with the requirements in Section 13 of the General Appropriation Act of 1991, the executive budget reduces 3.50 FTE from the current level FTE authorization in the General Operations Program. The operating budget increases over FY92 actual expenditures are primarily attributable to increases in to increases in insurance and bonds, and increases in supplies and materials associated with the increased data processing costs resulting from the

administration of the motor fuels tax collection system. Increases in the equipment budget are associated with the upgrade and completion of the department's statewide data processing network.

Funding for the general operations program is from the highways special revenues and federal highway program.

**MODIFIED LEVEL SERVICES** Compliance Review Staff 5.00 FTE and \$413,000 over the biennium in highway special revenue funds to provide additional review staff and related funding to perform appropriate compliance reviews regarding gasoline and vehicle fuels taxes collected at the newly organized Department of Transportation. The request will ensure adequate staff to provide assurance that the proper gasoline and vehicle taxes are being collected.

Federal Motor Fuels Compliance Act \$50,000 per year in federal highway funds for a grant agreement between and the Federal Highway Administration (pursuant to section 1040 of the ISTEA) to enhance compliance with the collection of highway use taxes.

Highway Information System \$160,000 in highway special revenue funds and \$640,000 in federal highway revenues over the

biennium for consultant services to evaluate the MDT's current Highway Information System and to develop a "system design" that will allow a systematic upgrade of the present system to accommodate expanding data requirements of ISTEA.

Information Service Staff 2.00 FTE, approximately \$26,500 in highway special revenue funds, and \$106,000 in federal highway revenues over the biennium for programming staff and related funding to rewrite many of the department's key project and financial systems to meet the requirements of the new ISTEA.

Project Financial Management System 2.00 FTE and approximately \$172,000 in federal highway revenues over the biennium for additional programming staff and equipment to design and implement an integrated Project Financial Information System for all highway construction projects. The existing system will need

**Scenic Byways Program** 2.00 FTE, approximately \$47,000 in highway special revenue funds, and \$189,000 in federal highway revenues over the biennium to enable the MDT to evaluate and establish a system of scenic byways in Montana. The ISTEA of 1991 has funding provisions for state designated scenic byways - Montana does not have state designated scenic byways.

Transportation Improvement Plan 4.00 FTE and approximately \$185,000 in federal highway revenues over the biennium for the implementation of the Statewide Transportation Improvement Program. The ISTEA requires that new projects on the NHS and pursuant to the bridge and interstate maintenance programs shall be selected by the department in consultation with local officials. This will require additional public hearings and travel statewide to ensure compliance with the ISTEA.

5% Personal Services Reinstatement 3.50 FTE and approximately \$101,000 in highway special revenue funds over the biennium to reinstate the 3.50 FTE current level positions removed from the current level budget due to the provisions of Section 13, of the General Appropriations Act of 1991.

5% Personal Services Reinstatement 3.50 FTE and approximately \$101,000 in highway special revenue funds over the biennium to reinstate the 3.50 FTE current level positions removed from the current level budget due to the provisions of Section 13, of the General Appropriations Act of 1991.

	Fiscal Year 1994	Fiscal Year 1995	
	Modis/Policy	Current Level	Modis/Policy
	Total	Total	Total

	Fiscal Year 1994	Fiscal Year 1995	
	Modis/Policy	Current Level	Modis/Policy
	Total	Total	Total



**CURRENT LEVEL SERVICES:** In accordance with the requirements in Section 13 of the General Appropriations Act of 1991, the Executive Budget includes the deletion of 94.20 FTE from the current level FTE authorization in the Construction Program.

The executive budget adds \$3,026,142 in FY94 and \$3,024,875 in FY95 to design future road construction and maintenance projects. The federal government will fund approximately 78% of the cost for consultant engineering with the remaining 22% funded by highway special revenue funds. There is an increase of \$13,851,113 in FY94 and \$15,736,837 in FY95 over the base for contractor payments, utility relocation, land acquisition, and other costs associated with road construction. These additional construction costs are associated with the state's apportionment of federal highway construction funds.

The reconstruction trust program (RTF) is budgeted for \$19,563,285 in FY94 and \$20,632,500 in FY95.

**Recommended HB2 Language:** "The department is directed to submit to the 1995 Legislature a construction work plan for the

**MODIFIED LEVEL SERVICES** City Park Rest Areas \$600,000 in highway special revenue funds over the biennium for continuation of the city park rest area program through the 1995 biennium. The amount requested is in addition to the \$400,000 appropriated for the 1993 biennium. The city park rest area program was implemented in July of 1991 by the MDT as a means to get needed rest areas built along the higher volume primary routes at a considerable cost savings to the state in construction and maintenance as opposed to if they were built as "state" rest areas.

Analytic Stereo Plotter \$225,000 in highway special revenue funds over the biennium acquire an additional analytic stereo plotter. The photogrammetry unit provides mapping and cross

years 1993 through 1999 that is detailed by year and project. This work plan must specify, by road system or project area, proposed projects on which \$1 million or more would be spent during the 1997 biennium and an aggregate cost for projects with anticipated expenditures of less than \$1 million. Costs must be detailed by year and project."

"The department may adjust appropriations and FTE in the construction, interfund transfers, and maintenance programs between fiscal years to reflect actual expenditures related to the construction work plan and maintenance activities."

"The department may adjust appropriations in the construction and rail and transit programs between fund types provided that the adjustment does not exceed 10% of the total appropriation established by the legislature for each program. All transfers between fund types must be fully explained and justified on budget documents submitted to the office of budget and program planning, and all fund transfers of over \$1 million in any 30-day period must be communicated to the legislative finance committee in a written report."

section data from the two analytical stereo plotters owned by the state. With full level staffing these units are utilized a minimum of twelve hours a day. At this rate the present workload is not being met. The addition of this plotter will provide the capability of meeting current workloads as well as projected future work loads.

5% Personal Services Reinstatement 94.20 FTE, approximately \$1,009,000 in highway special revenue funds, and \$3,026,000 in federal highway revenues over the biennium for the reinstatement of current level positions removed from the budget as required by Section 13 of the General Appropriations Act of 1991.

## 5401-03 MAINTENANCE PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	651.88	654.88	614.43	37.45	614.43	37.45
Personal Services	21,358,889.83	22,836,530	22,590,878	1,168,615	22,903,899	1,184,476
Operating Expenses	25,708,303.43	27,209,669	25,574,693	9,950,091	25,285,373	10,038,391
Equipment	417,425.05	210,714	458,588	0	374,565	0
Capital Outlay	177,227.94	164,911	108,434	0	108,434	0
Total Agency Costs	\$47,661,846.25	\$50,421,824	\$48,732,593	\$11,118,706	\$48,672,271	\$11,222,867
				\$59,851,299		\$59,895,138
State Special Revenue Fund	47,661,846.25	50,421,824	48,643,679	11,118,706	48,583,357	11,222,867
Federal Special Revenue Fund	0.00	0	88,914	0	88,914	0
Total Funding Costs	\$47,661,846.25	\$50,421,824	\$48,732,593	\$11,118,706	\$48,672,271	\$11,222,867
				\$59,851,299		\$59,895,138

**CURRENT LEVEL SERVICES:** In accordance with the requirements in Section 13 of the General Appropriations Act of 1991, the executive budget includes the deletion of 37.45 FTE from the current level FTE authorization in the Maintenance Program.

The executive budget recommends an overall increase in highway special revenue funds of \$1,123,353 in FY94 and \$1,063,032 in

FY95 which maintains the current level effort in the State's maintenance effort.

Funding for the maintenance program is primarily from highway special revenues. A minor amount of funding is from federal highway revenues.

**MODIFIED LEVEL SERVICES** Roadway Striping \$2,000,000 in highway special revenue funds over the biennium for additional roadway striping required by the Federal Highway Administration. The Federal Highway Administration has been critical of the department's traffic striping efforts for failing to maintain a year-around stripe that meets minimum reflectivity requirements. The deficiency is viewed as a safety problem and the department has been advised that federal funding may be in jeopardy if traffic striping is not improved.

**Ice Control Material** Approximately \$2,658,000 in highway special revenue funds over the biennium for the additional funding to purchase the necessary ice control materials to meet federal and state air quality regulations in communities designated as "non-attainment areas".

**Hazardous Waste** \$2,000,000 in highway special revenue funds over the biennium for consultants to develop a plan for hazardous waste disposal as well as a plan to reduce or eliminate hazardous

waste the department currently has. (Federal Requirement)

**Pavement Preservation** \$13,000,000 in highway special revenue funds over the biennium for materials to accomplish additional machine patching, crack sealing, seal and cover, and pavement rejuvenation based on a pavement needs analysis conducted last fall.

**Rest Areas** \$230,000 in highway special revenue funds over the biennium to maintain 10 additional rest areas that the department plans to add to the highway network.

5% Personal Services Reinstatement 37.45 FTE and approximately \$2,357,000 in highway special revenue funds over the biennium to reinstate current level positions deleted from the budget as required in Section 13, of the Major Appropriations Act of 1991.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	5.00	5.00	5.00	5.00	5.00	5.00
Personal Services	155,522.59	149,900	162,244	162,244	164,481	164,481
Operating Expenses	240,303.06	241,929	287,401	287,401	317,428	317,428
Equipment	333,776.00	0	443,300	671,300	284,800	284,800
Total Agency Costs	<u>\$729,601.65</u>	<u>\$391,829</u>	<u>\$892,945</u>	<u>\$1,120,945</u>	<u>\$766,709</u>	<u>\$766,709</u>
Proprietary Fund	729,601.65	391,829	892,945	1,120,945	766,709	766,709
Total Funding Costs	<u>\$729,601.65</u>	<u>\$391,829</u>	<u>\$892,945</u>	<u>\$1,120,945</u>	<u>\$766,709</u>	<u>\$766,709</u>

**CURRENT LEVEL SERVICES:** The executive budget recommends additional proprietary fund authority of \$163,344 in FY94 and \$37,108 in FY95. These increases are associated with increased fixed costs (insurance and rent), and fleet vehicle

replacement.

Funding for the motor pool program is from rental charges paid by user agencies.

**MODIFIED LEVEL SERVICES:** Increase Fleet Size \$228,000 in proprietary revenue funds in FY94 to increase the fleet size of

the Motor Pool by twenty units due to agency demand for motor pool vehicles.



# 5401-08 EQUIPMENT PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	122.00	121.00	122.00	.00	122.00	.00
Personal Services	4,043,691.30	4,109,662	4,390,450	0	4,453,779	0
Operating Expenses	4,385,091.99	4,625,845	5,174,444	0	5,319,555	0
Equipment	4,907,914.99	4,905,659	4,899,245	1,000,000	4,899,245	1,000,000
Total Agency Costs	\$13,336,698.28	\$13,641,166	\$14,464,139	\$1,000,000	\$14,672,579	\$1,000,000
Proprietary Fund	13,336,698.28	13,641,166	14,464,139	1,000,000	14,672,579	1,000,000
Total Funding Costs	\$13,336,698.28	\$13,641,166	\$14,464,139	\$1,000,000	\$14,672,579	\$1,000,000

**CURRENT LEVEL SERVICES:** Equipment Program: The executive budget recommends additional proprietary fund authority of \$789,351 in FY94 and \$934,462 in FY95. These increases are associated with higher insurance rates, authority for the purchase of additional gas and diesel, and authority for the purchase of

additional cutting edges.

Funding for the equipment program is from internal cost recovery charges paid by the construction and maintenance programs for use of DoT equipment.

**MODIFIED LEVEL SERVICES:** Equipment Replacement \$2,000,000 in proprietary revenue funds over the biennium for the purchase of ten additional street sweepers in FY94 which will be used by the department to help meet state and federal air

quality standards. It also provides funding in FY95 to address a portion of the long standing equipment needs identified by the department's Equipment Selection Committee.

5401-11 INTERFUND TRANSFERS PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy Total	Current Level	Mods/Policy Total
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Transfers	23,429,980.19	35,626,104	12,702,221	12,702,221	17,270,632	17,270,632
Total Agency Costs	\$23,429,980.19	\$35,626,104	\$12,702,221	\$12,702,221	\$17,270,632	\$17,270,632
State Special Revenue Fund	23,429,980.19	35,626,104	12,702,221	12,702,221	17,270,632	17,270,632
Total Funding Costs	\$23,429,980.19	\$35,626,104	\$12,702,221	\$12,702,221	\$17,270,632	\$17,270,632

**CURRENT LEVEL SERVICES:** The interfund transfers program provides appropriations authority for the transfer of funds between the highways special revenue and reconstruction trust program accounting entities. The executive budget recommends

additional highway special revenue authority of \$1,285,131 in FY94 and \$5,853,542 in FY95 to fund budgeted transfers to the RTF program.

## 5401-12 STORES INVENTORY

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	14,227,849.88	14,901,886	14,452,195	8,785,091	23,237,286	14,611,934	8,873,391	23,485,325
<b>Total Agency Costs</b>	<b>\$14,227,849.88</b>	<b>\$14,901,886</b>	<b>\$14,452,195</b>	<b>\$8,785,091</b>	<b>\$23,237,286</b>	<b>\$14,611,934</b>	<b>\$8,873,391</b>	<b>\$23,485,325</b>
State Special Revenue Fund	14,227,849.88	14,901,886	14,452,195	8,785,091	23,237,286	14,611,934	8,873,391	23,485,325
<b>Total Funding Costs</b>	<b>\$14,227,849.88</b>	<b>\$14,901,886</b>	<b>\$14,452,195</b>	<b>\$8,785,091</b>	<b>\$23,237,286</b>	<b>\$14,611,934</b>	<b>\$8,873,391</b>	<b>\$23,485,325</b>

**CURRENT LEVEL SERVICES:** The executive budget recommends additional highway special revenue fund authority of \$224,246 in FY94 and \$384,085 in FY95 for estimated materials required for the 1995 biennium construction and maintenance plans.

Funding for the stores program is nominally from highways special revenues although expenditures in this program are offset by the revenue generated when the inventories are transferred to the maintenance and equipment programs.

**MODIFIED LEVEL SERVICES:** The recommended budget modifications in the stores program reflect the cost of materials associated with budget modifications in the maintenance program for roadway striping, ice control, and pavement preservation materials (approximately \$17.7 million). Funding for these budget

modifications is nominally from highways special revenues although expenditures in this program are offset by the revenue generated when the inventories are transferred to the maintenance program.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	112.03	112.03	112.03	.00	112.03	.00
Personal Services	3,046,578.72	3,335,371	3,454,897	0	3,478,564	0
Operating Expenses	625,929.52	705,289	691,823	70,000	702,710	0
Equipment	191,369.20	41,700	62,250	0	40,750	0
Capital Outlay	0.00	98,500	0	0	0	0
Total Agency Costs	\$3,863,877.44	\$4,180,860	\$4,208,970	\$70,000	\$4,222,024	\$0
State Special Revenue Fund	3,715,304.98	4,180,860	4,192,970	14,000	4,222,024	0
Federal Special Revenue Fund	148,572.46	0	16,000	56,000	0	0
Total Funding Costs	\$3,863,877.44	\$4,180,860	\$4,208,970	\$70,000	\$4,222,024	\$0

**CURRENT LEVEL SERVICES:** The executive budget recommends additional highway special revenue fund authority of \$329,093 in FY94 and \$358,147 in FY95. These increases are primarily associated with fully funding the current level personal services

budget. Funding for the gross vehicle weight program is primarily from highway special revenue funds. A minor amount of federal highway funds are for federal participation in the cost of a weigh-in-motion device.

**MODIFIED LEVEL SERVICES:** Weigh Station Computerization \$14,000 in highway special revenue funds and \$56,000 in federal highway revenues in FY94 to purchase a multi-task operating system for the continued development of computerized weigh

stations. Because of the vast amount of duties occurring at the same time, the GVW program must switch scale computers from DOS to a multi-task operating system.

## 5401-40 AERONAUTICS PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	10.24	10.14	10.24	.00	10.24	.00
Personal Services	347,681.76	379,801	384,352	0	390,104	0
Operating Expenses	211,596.08	358,325	256,693	0	260,561	0
Equipment	8,006.80	18,000	8,012	0	8,012	0
Local Assistance	202,662.59	243,000	0	0	0	0
Grants	5,000.00	10,000	5,000	0	5,000	0
Transfers	7,100.74	10,000	17,601	0	17,601	0
<b>Total Agency Costs</b>	<b>\$782,047.97</b>	<b>\$1,019,126</b>	<b>\$671,658</b>	<b>\$0</b>	<b>\$681,278</b>	<b>\$0</b>
State Special Revenue Fund	688,942.52	876,948	507,240	0	516,076	0
Federal Special Revenue Fund	26,190.00	73,592	91,800	0	91,800	0
Proprietary Fund	66,915.45	68,586	72,618	0	73,402	0
<b>Total Funding Costs</b>	<b>\$782,047.97</b>	<b>\$1,019,126</b>	<b>\$671,658</b>	<b>\$0</b>	<b>\$681,278</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The executive budget recommends additional authority of \$89,363 in FY94 and \$98,199 in FY95. This increase is attributable to approximately \$26,000 vacancy savings in personal services expenditures in FY92 and \$68,000 per year in contracted services for the FAA System Plan Update, which is funded 90% with federal funds.

Funding for the aeronautics program is from aviation fuels tax revenues, federal aeronautics administration grants, and proprietary revenues from the operation of the West Yellowstone airport.

# 5401-50 RAIL & TRANSIT PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	22.60	23.10	21.50	2.10	23.60	21.50	2.10	23.60
Personal Services	692,373.96	674,129	748,799	70,544	819,343	751,337	70,646	821,983
Operating Expenses	425,952.81	452,706	220,472	234,122	454,594	214,330	100,958	315,288
Equipment	595.16	500	0	1,487	1,487	0	1,487	1,487
Grants	914,930.99	3,863,901	1,007,309	1,050,899	2,058,208	991,327	634,454	1,625,781
Total Agency Costs	\$2,033,852.92	\$4,991,236	\$1,976,580	\$1,357,052	\$3,333,632	\$1,956,994	\$807,545	\$2,764,539
General Fund	386,544.92	391,830	36,070	100,000	136,070	36,157	0	36,157
State Special Revenue Fund	162,601.02	1,978,200	314,611	81,019	395,630	314,715	81,089	395,804
Federal Special Revenue Fund	1,484,706.98	2,316,925	1,625,899	1,176,033	2,801,932	1,606,122	726,456	2,332,578
Expendable Trust Fund	0.00	304,281	0	0	0	0	0	0
Total Funding Costs	\$2,033,852.92	\$4,991,236	\$1,976,580	\$1,357,052	\$3,333,632	\$1,956,994	\$807,545	\$2,764,539

**CURRENT LEVEL SERVICES:** In accordance with Section 13, of the General Appropriations Act of 1991, the executive budget includes the deletion of 1.10 FTE from the current level FTE authorization.

Funding for the rail and transit program is from the general fund, highways special revenues, and federal transit and rail administration grants. The executive budget recommends the

majority of general fund in this program be replaced with highway special revenue and federal highway research and planning funds. The remaining general fund is for state match required for federal rail administration grants and federal highway planning and research grants used in the rail and statistics units. The result of this recommended funding switch is in a general fund savings in this program of approximately \$200,000 per fiscal year.

**MODIFIED LEVEL SERVICES** FTA Section 3 Grant Approximately \$450,000 in federal transit administration funds in FY94 to assist local transit authorities construct transit facilities and place approximately 20 transit vehicles in various rural communities.

FTA Section 8 Grant Approximately \$214,000 in federal transit administration funds over the biennium for transit planning to the fixed route system transit operators in Billings, Great Falls, and Missoula.

FTA Section 18 Grant Approximately \$524,000 in federal transit administration funds over the biennium for grants to assist rural communities with operating funds for transit operations and to provide technical assistance and training to rural transit operators.

FTA Section 26(a)(2) Grant Approximately \$90,000 in federal transit administration funds over the biennium to provide planning funds to local transit authorities for non-urbanized transit planning.

FTA Section 16(b)(2) Grant Approximately \$135,000 in federal transit administration grants for capital assistance to private, nonprofit organizations for the purchase of equipment for elderly persons and persons with disabilities.

Urban Planning Program 1.00 FTE, approximately \$73,000 in highway special revenue funds, and \$491,000 in federal transit administration funds over the biennium for grants to the three metropolitan planning organizations in Billings, Great Falls and Missoula and additional staff needed to comply with expanded federal metropolitan planning requirements and to capture available



federal funds allocated for metropolitan planning.

McCarty Farms This request provides \$100,000 General Fund for the biennium to fund expenses associated with the McCarty Farms class action and State of Montana Section 229 Staggers Act rate protest cases which were initiated in 1980. This case is currently on appeal before the Washing D.C. Court of Appeals and the 9th

Judicial Circuit Court of Appeals.

5% Personal Services Reinstatement 1.10 FTE and approximately \$88,000 in highway special revenue funds over the biennium to reinstate the 1.10 FTE current level positions deleted from the budget as required by Section 13 of the General Appropriations Act of 1991.

## Department of Revenue

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	771.05	779.21	651.28	31.11	682.39	651.28	31.11	682.39
Personal Services	20,610,156.18	20,050,402	18,424,968	1,870,954	20,295,922	18,480,922	1,873,480	20,354,402
Operating Expenses	35,354,687.62	36,926,608	4,575,691	399,100	4,974,791	4,426,702	425,800	4,852,502
Equipment	261,303.57	625,862	313,639	38,500	352,139	280,699	19,800	300,499
Local Assistance	67,464,308.73	69,784,000	15,000	0	15,000	15,000	0	15,000
Benefits and Claims	5,036.24	964	0	0	0	0	0	0
Transfers	16,855,881.18	15,660,660	0	0	0	0	0	0
Debt Service	269,741.11	268,572	269,800	0	269,800	269,800	0	269,800
<b>Total Agency Costs</b>	<b>\$140,821,114.63</b>	<b>\$143,317,068</b>	<b>\$23,599,098</b>	<b>\$2,308,554</b>	<b>\$25,907,652</b>	<b>\$23,473,123</b>	<b>\$2,319,080</b>	<b>\$25,792,203</b>
General Fund	40,106,581.22	40,362,611	21,036,401	2,232,971	23,269,372	20,938,743	2,228,366	23,167,109
State Special Revenue Fund	48,921,753.30	50,309,603	629,320	15,000	644,320	626,116	30,000	656,116
Federal Special Revenue Fund	290,412.39	318,832	271,817	37,670	309,487	267,480	37,714	305,194
Proprietary Fund	51,502,367.72	52,326,022	1,661,560	22,913	1,684,473	1,640,784	23,000	1,663,784
<b>Total Funding</b>	<b>\$140,821,114.63</b>	<b>\$143,317,068</b>	<b>\$23,599,098</b>	<b>\$2,308,554</b>	<b>\$25,907,652</b>	<b>\$23,473,123</b>	<b>\$2,319,080</b>	<b>\$25,792,203</b>
Directors Office	1,584,357.99	1,496,740	1,684,693	0	1,684,693	1,571,599	0	1,571,599
Centralized Services Division	3,438,028.06	3,170,569	881,845	18,220	900,065	883,079	18,244	901,323
Data Processing Division	1,455,917.02	1,491,060	1,607,184	68,738	1,675,922	1,607,271	68,832	1,676,103
Liquor Division	50,493,398.68	51,298,608	662,867	0	662,867	672,201	0	672,201
Income Tax	4,419,963.78	4,403,792	4,677,643	115,469	4,793,112	4,617,538	130,828	4,748,366
Corporation Tax	47,132,321.33	48,833,048	1,535,696	97,158	1,632,854	1,544,225	97,284	1,641,509
Property Valuation	32,297,127.77	32,623,251	12,549,170	2,008,969	14,558,139	12,577,210	2,003,892	14,581,102
<b>Total Program Costs</b>	<b>\$140,821,114.63</b>	<b>\$143,317,068</b>	<b>\$23,599,098</b>	<b>\$2,308,554</b>	<b>\$25,907,652</b>	<b>\$23,473,123</b>	<b>\$2,319,080</b>	<b>\$25,792,203</b>

**MISSION STATEMENT:** To ensure full and fair compliance with all state tax laws; to assist taxpayers in fulfilling their obligations to the state; to maximize the raising and uses of taxpayer funds by maintaining an efficient and timely mechanism for the collection and deposit of revenues; and to implement all department responsibilities with professionalism, integrity and efficiency.

**CURRENT LEVEL SERVICES:** The Department current level budget request reflects the 5% personal services reduction mandated by the Legislature in Special Session II. As a result, 35.40 FTE and over \$880,000 in General Fund spending authority has been removed from the fiscal 1992 current level base. The Department is requesting reinstatement of 30.11 FTE through Budget Modification requests to mitigate the negative impacts these reductions will have in meeting statutory obligations and revenue commitments.

**MODIFIED LEVEL SERVICES:** Restoration of 5% Personal Services Reductions. The executive recommends the restoration of 30.11 of the 35.40 FTE which were reduced from the FY92 base by mandate from the Legislature. This recommendation restores current level services in critical areas of the department by adding back \$739,052 in FY94 and \$740,900 in FY95 of general fund dollars. The following summarizes where the reductions are taken and where they should be restored:

	FTE Reduction	FTE Restoration	FTE Net Reduction
Director's Office	2.00	0.00	2.00
Centralized Services	2.09	1.00	1.09
Data Processing	3.60	3.60	0.00
Liquor	0.50	0.00	0.50
Income Tax	5.16	3.46	1.70
Natural Resource/Corp Tax	2.30	2.30	0.00
Property Assessment	19.75	19.75	0.00
Total	35.40	31.11	5.30

The current level request allocates \$90,000 of state special cigarette tax collections for the administration of the cigarette tax. The administration of this tax is currently funded solely with general fund dollars. This allocation results in a \$90,000 General Fund savings and brings the Department into compliance with 16-11-119, MCA. The administration proposes that the cigarette tax support its own administrative costs, rather than those costs being borne by the general taxpayer through the general fund.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	36.50	35.50	34.50	.00	34.50	.00
Personal Services	1,215,644.47	1,128,867	1,304,670	0	1,315,569	0
Operating Expenses	348,216.27	337,919	340,116	0	228,567	0
Equipment	13,456.90	13,990	24,907	0	12,463	0
Local Assistance	2,004.11	15,000	15,000	0	15,000	0
Benefits and Claims	5,036.24	964	0	0	0	0
Total Agency Costs	<u>\$1,584,357.99</u>	<u>\$1,496,740</u>	<u>\$1,684,693</u>	<u>\$0</u>	<u>\$1,571,599</u>	<u>\$0</u>
General Fund	890,902.74	781,270	1,084,522	0	1,010,285	0
State Special Revenue Fund	6,690.24	0	4,548	0	0	0
Federal Special Revenue Fund	150,637.38	180,385	118,016	0	112,427	0
Proprietary Fund	536,127.63	535,085	477,607	0	448,887	0
Total Funding Costs	<u>\$1,584,357.99</u>	<u>\$1,496,740</u>	<u>\$1,684,693</u>	<u>\$0</u>	<u>\$1,571,599</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** There are no appreciable funding increases in this program. Full funding of personal services in the fiscal 1995 biennium increases by \$90,000 over the fiscal 1992 actual. Operating expenses decrease by \$8,000. Additionally, 2.00 FTE are permanently removed from current level as a result of the mandated 5% personal services reduction in HB2 of Special Session II. The two positions eliminated from the budget request were a personnel technician and a position for staffing the Tax

Payer Bill of Rights. Duties performed by these positions will be absorbed within existing resources.

Funding for the director's office is primarily from the general fund and proprietary liquor funds. Funding for the investigations unit is from federal grants for welfare and medicaid fraud control which requires a general fund match, and liquor funds for liquor licensing investigations.

## POLICY INITIATIVE

Transfer the Liquor and Welfare Fraud investigations function and the Liquor Licensing function to the Department of Justice.

### *Eliminate duplicated activities in support of liquor and gaming license applications*

This transfer will eliminate duplicated activities in support of liquor and gaming license applications. Besides the obvious financial advantages inherent in having only one investigator travel to the licensee's place of business to complete the investigation instead of two, there are a number of side benefits for each of the parties involved:

### *Save considerable investigative time*

From the licensee's perspective, they will have to meet with and answer questions from an investigator from only one agency, instead of two. Merging investigative functions of the two agencies will eliminate the need for asking the same questions twice, and will save considerable investigative time now wasted by having a second investigator learn the details concerning each applicant.

### *Applicants benefit from one-stop licensing*

Combining the licensing function under one department will provide applicants the benefit of a consolidated licensing process: one-stop licensing. Applicants will have only one application form to complete and only one agency to contact.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	29.02	29.65	28.68	1.00	29.68	1.00
Personal Services	625,960.22	643,082	761,986	18,220	780,206	18,244
Operating Expenses	121,136.60	106,022	113,359	0	113,359	0
Equipment	0.00	6,465	6,500	0	6,500	0
Local Assistance	2,690,931.24	2,415,000	0	0	0	0
Total Agency Costs	\$3,438,028.06	\$3,170,569	\$881,845	\$18,220	\$900,065	\$18,244
General Fund	747,096.82	755,569	881,845	18,220	900,065	18,244
State Special Revenue Fund	2,690,931.24	2,415,000	0	0	0	0
Total Funding Costs	\$3,438,028.06	\$3,170,569	\$881,845	\$18,220	\$900,065	\$18,244
					\$883,079	\$901,323

**CURRENT LEVEL SERVICES:** There are no appreciable funding increases in this program. Full funding of personal services in the fiscal 1995 biennium increases by \$136,000 over the fiscal 1992 actual. Operating expenses decrease by \$8,000. This reduction is due primarily to reductions in state mainframe computer rates. Additionally, 1.09 FTE are permanently reduced from current level as a result of the mandated 5% personal services reduction in HB2

of Special Session II. The reduction in FTE will reduce the part-time seasonal staffing during the periods when heavy mailing during the income tax filing period.

Funding for the centralized services division is from the general fund.

**MODIFIED LEVEL SERVICES:** FTE Restoration The executive recommends restoration of 1.00 FTE to the current level appropriation at a general fund cost of \$18,220 in FY94 and \$18,244 in FY95. This position or funding from this position is used for seasonal work in the Cashiers Office. Loss of this position will cause delays in processing tax receipts during our peak volume

periods. The problem with untimely processing of cashiering documents is the State loses interest if money is not deposited timely. Our studies and those of the Legislative Auditor have proven that it is more economically feasible to pay for additional staff time than to leave large amounts of money not being processed in a timely manner.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	50.18	49.60	46.00	3.60	46.00	3.60
Personal Services	1,311,657.52	1,339,893	1,447,211	68,738	1,515,949	68,832
Operating Expenses	139,911.50	148,953	146,395	0	143,406	0
Equipment	4,348.00	2,214	13,578	0	12,691	0
<b>Total Agency Costs</b>	<b>\$1,455,917.02</b>	<b>\$1,491,060</b>	<b>\$1,607,184</b>	<b>\$68,738</b>	<b>\$1,607,271</b>	<b>\$68,832</b>
General Fund	897,766.61	926,395	1,000,785	45,825	1,046,610	45,832
State Special Revenue Fund	85,309.00	72,336	85,313	0	86,505	0
Proprietary Fund	472,841.41	492,329	521,086	22,913	543,999	23,000
<b>Total Funding Costs</b>	<b>\$1,455,917.02</b>	<b>\$1,491,060</b>	<b>\$1,607,184</b>	<b>\$68,738</b>	<b>\$1,607,271</b>	<b>\$68,832</b>
						<b>\$1,676,103</b>

**CURRENT LEVEL SERVICES:** There are no appreciable funding increases in this program. Full funding of personal services in the fiscal 1995 biennium increases by \$146,000 over the fiscal 1992 actual. Operating expenses increase by \$6,000. Additionally, 3.60 FTE are permanently removed from current level as a result of the mandated 5% personal services reduction in HB2 of Special Session II.

The 3.60 FTE eliminated from the budget request were data entry staff who are responsible for key processing all department tax

returns. The consequences of this reduction are clearly explained the budget modification request to restore these positions to current level status. There are no appreciable funding increases in this program. A .50 FTE is permanently removed from current level as a result of the mandated 5% personal services reduction in HB2 of Special Session II.

Funding for the data processing division is from the general fund and from liquor proprietary revenues.

**MODIFIED LEVEL SERVICES:** Data Processing FTE Restoration The executive recommends the restoration of 3.60 FTE to the current level appropriation at a general fund costs of \$68,738 in FY94 and \$68,832 in FY95. The impact of not restoring these FTE is to significantly reduce the level of taxpayer service by delaying tax refunds and delaying the completion of income tax processing until late December of each year. The Department's long standing goal has been to process and refund all error free short form

returns within fifteen days, process timely filed refund returns within 6-8 weeks of the April 15th deadline and to have all return processing completed by December 1. This reduction represents a 19 percent reduction in the number of FTE devoted to key entering the Department's data which will clearly impact the taxpayer and the availability of final Income Tax tape information to the Budget Office and the Legislative Fiscal Analyst.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	107.00	107.00	10.50	.00	10.50	.00
Personal Services	2,888,579.03	3,024,927	313,802	0	313,802	0
Operating Expenses	30,718,152.20	32,163,021	349,065	0	349,065	0
Equipment	30,786.27	450,000	0	0	0	0
Transfers	16,855,881.18	15,660,660	0	0	0	0
Total Agency Costs	<u>\$50,493,398.68</u>	<u>\$51,298,608</u>	<u>\$662,867</u>	<u>\$0</u>	<u>\$672,201</u>	<u>\$0</u>
Proprietary Fund	50,493,398.68	51,298,608	662,867	0	672,201	0
Total Funding Costs	<u>\$50,493,398.68</u>	<u>\$51,298,608</u>	<u>\$662,867</u>	<u>\$0</u>	<u>\$672,201</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** The executive budget contains a definite appropriation for division administration and for the licensing bureau. Continuation of the current language appropriation is recommended for operations of the liquor enterprise. There are no appreciable funding increases in this program. A 0.50 FTE is permanently removed from current level as a result of the mandated 5% personal services reduction in HB2 of Special Session II.

Funding for the liquor division is from liquor proprietary revenues.

**Recommended Bill Language:** "Liquor division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor operation are appropriated. During the 1995 biennium, the division shall attempt to return at least 10% of net sales. Net sales are gross sales less discounts and all taxes collected. The division shall limit operational expenses of the liquor merchandising system to not more than 15% of the net sales. Operational expenses may not include product costs, freight charges, expenses allocable to other divisions, or licensing bureau expenses."

## 5801-06 INCOME TAX

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Modts/Policy	Current Level	Modts/Policy
Full Time Equivalent Employees	116.79	121.40	119.99	3.46	119.99	3.46
Personal Services	2,843,224.23	2,916,977	3,196,051	100,469	3,204,439	100,828
Operating Expenses	1,499,023.16	1,444,422	1,409,031	15,000	1,360,128	30,000
Equipment	77,716.39	42,393	72,561	0	52,971	0
Total Agency Costs	\$4,419,963.78	\$4,403,792	\$4,677,643	\$115,469	\$4,617,538	\$130,828
General Fund	4,026,676.78	4,003,662	4,197,643	100,469	4,137,538	100,828
State Special Revenue Fund	393,287.00	400,130	480,000	15,000	480,000	30,000
Total Funding Costs	\$4,419,963.78	\$4,403,792	\$4,677,643	\$115,469	\$4,617,538	\$130,828
						\$4,748,366

**CURRENT LEVEL SERVICES:** There are no appreciable funding increases in this program. Full funding of personal services in the fiscal 1995 biennium increases by \$350,000 over the fiscal 1992 actual. Operating expenses decrease by \$119,000. This reduction is due primarily to reductions in state mainframe computer rates. Additionally, 1.70 FTE are permanently reduced from current level as a result of the mandated 5% personal services reduction in HB2 of Special Session II. The 1.70 FTE which will be left vacant are dedicated to improving voluntary compliance through enhanced customer service and education activities.

Funding for the income tax division is primarily from the general fund. Minor amounts of funding support the costs of collecting various miscellaneous taxes including: unclaimed property, emergency telephone tax, accommodations tax, cigarette tax, and payroll tax. Administration of the cigarette tax is currently funded by the general fund. The executive budget recommends replacing this general fund support, estimated at \$90,000 per year, with cigarette tax revenues.

**MODIFIED LEVEL SERVICES:** FTE Restoration The executive recommends the restoration of 3.46 FTE to the current level appropriation at a general fund costs of \$97,941 in FY94 and \$98,091 in FY95. The positions which will be used to achieve the required FTE reductions for FY94 and FY95 include 1.00 FTE taxpayer service representative, 0.70 FTE aggregate tax exam tech, and the equivalent of 3.46 FTE from the field audit program. This modification is to restore the field audit program positions. Loss of these positions would have a long term detrimental effect on taxpayer compliance and revenue collections.

Thermally Applied Tax Stamps The executive recommends

\$15,000 in FY94 and \$30,000 in FY95 from cigarette tax revenues for the purchase of thermally applied cigarette tax stamps.

Historically, cigarette stamping in Montana has been accomplished with an inked impression applied by Pitney Bowes stamping machines. Recently, Pitney Bowes has formally announced they will withdraw all equipment and support services for their cigarette stamping machines within the next 5 years. As a result, the Department with the cooperation of the Montana Licensed Wholesalers supported legislative changes through the 1991 Session to permit a "dual system" of authorized cigarette stamping.



## 5801-07 CORPORATION TAX

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	34.50	35.00	32.70	3.30	36.00	32.70	3.30	36.00
Personal Services	1,030,014.97	1,083,822	1,109,062	90,058	1,199,120	1,111,905	90,184	1,202,089
Operating Expenses	397,638.53	392,816	414,319	7,100	421,419	420,594	7,100	427,694
Equipment	25,391.01	2,410	12,315	0	12,315	11,726	0	11,726
Local Assistance	45,679,276.82	47,354,000	0	0	0	0	0	0
Total Agency Costs	<u>\$47,132,321.33</u>	<u>\$48,833,048</u>	<u>\$1,535,696</u>	<u>\$97,158</u>	<u>\$1,632,854</u>	<u>\$1,544,225</u>	<u>\$97,284</u>	<u>\$1,641,509</u>
General Fund	1,247,010.50	1,272,464	1,322,436	59,488	1,381,924	1,329,561	59,570	1,389,131
State Special Revenue Fund	45,745,535.82	47,422,137	59,459	0	59,459	59,611	0	59,611
Federal Special Revenue Fund	139,775.01	138,447	153,801	37,670	191,471	155,053	37,714	192,767
Total Funding Costs	<u>\$47,132,321.33</u>	<u>\$48,833,048</u>	<u>\$1,535,696</u>	<u>\$97,158</u>	<u>\$1,632,854</u>	<u>\$1,544,225</u>	<u>\$97,284</u>	<u>\$1,641,509</u>

**CURRENT LEVEL SERVICES:** There are no appreciable funding increases in this program. Full funding of personal services in the fiscal 1995 biennium increases by \$79,000 over the fiscal 1992 actual. Operating expenses increase by \$7,000. Additionally, 2.30 FTE are reduced from current level as a result of the mandated 5% personal services reduction in HB2 of Special Session II. Of the 2.30 FTE eliminated from the budget request, .30 FTE are revenue agents who are responsible for conducting

out of state corporation audits. The remaining 1.00 FTE is a word processing position responsible for clerical support of the audit staff.

Funding for the natural resource and corporate tax division is from the general fund, state royalty audit revenues, and federal royalty audit revenues.

**MODIFIED LEVEL SERVICES:** FTE Restoration The executive recommends the restoration of 2.30 FTE to the current level of appropriation at a general fund costs of \$56,479 in FY94 and \$56,749 in FY95. In order to comply with the 5% personal services reduction mandated by HB2, the division identified two revenue agent positions for reduced funding by 65% and one clerical position for 100% reduced funding. This modification would restore full funding for these positions. Restoration of the revenue agent positions would maintain the state's current audit efforts. Each revenue agent collects between \$500,000 and \$600,000 annually, a greater than 20 to 1 return. Restoring the clerical position will enhance the revenue agents ability to complete audits in a timely manner.

Federal Royalty Audit Program The executive recommends a federal revenue appropriation of \$38,576 in FY94 and \$38,621 in FY95 to add 1.00 FTE to the federal royalty audit program to perform federal royalty audits of solid minerals, with the primary emphasis being on coal. Of the \$21.1 million the State received in mineral revenues in FY92 from the U.S. Department of Interior, more than 75% was from royalties collected from coal production on Federal lands. The Department of Interior was granted authority by Congress in early 1992 to delegate audit activities to States for solid minerals. One hundred percent of the costs of this request will be reimbursed in accordance with Section 205 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended.

## 5801-08 PROPERTY VALUATION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	397.06	401.06	378.91	19.75	378.91	398.66
Personal Services	10,695,075.74	9,912,834	10,292,186	1,593,469	11,885,655	11,913,545
Operating Expenses	2,130,609.36	2,333,455	1,803,406	377,000	2,180,406	2,192,109
Equipment	109,605.00	108,390	183,778	38,500	222,278	205,648
Local Assistance	19,092,096.56	20,000,000	0	0	0	0
Debt Service	269,741.11	268,572	269,800	0	269,800	269,800
Total Agency Costs	\$32,297,127.77	\$32,623,251	\$12,549,170	\$2,008,969	\$14,558,139	\$14,581,102
General Fund	32,297,127.77	32,623,251	12,549,170	2,008,969	14,558,139	14,581,102
Total Funding Costs	\$32,297,127.77	\$32,623,251	\$12,549,170	\$2,008,969	\$14,558,139	\$14,581,102

**CURRENT LEVEL SERVICES:** There are no appreciable funding increases in this program. Full funding of personal services in the fiscal 1995 biennium increases by \$529,000 over the fiscal 1992 actual. Operating expenses decrease by \$28,000 due largely to reductions in contracted services for CAMAS support.

Additionally, 19.75 FTE are reduced from current level as a result of the mandated 5% personal services reduction in HB2 of Special Session II.  
Funding for the property assessment program is from the general fund.

**MODIFIED LEVEL SERVICES:** FTE Restoration The executive recommends a restoration of 19.75 FTE to the current level appropriation at a general fund costs of \$515,894 in FY94 and \$517,498 in FY95. A reduction in workforce of this magnitude would substantially compromise the integrity and timely completion of the cyclical reappraisal, selective reappraisals, and other statutorily mandated obligations of the Division.

Business Equipment Valuation System (BEVS) The executive recommends a general fund appropriation of \$45,000 in FY94 and \$90,000 in FY95 for DoA computer processing charges to operate

BEVS. Presently, business equipment is valued manually, creating a lack of uniformity and equity in the valuation and assessment of business equipment statewide. The BEVS was developed by department staff using the state's mainframe computer system. Automation of business equipment valuation and assessments will ease the reporting requirements for personal property owners, save staff time currently spent reviewing manually produced reports submitted annually by property owners, and allow assessment staff the opportunity to devote more time to performing field audits to ensure that business equipment is being assessed accurately.



## POLICY INITIATIVE

County assessors and deputies should transfer from county to state Department of Revenue employment.

### *Assessors and MACo concur*

The Governing Board of the Assessors Association and the Department of Revenue (DOR) recently agreed on provisions for assessors and deputies to transfer from county to state employment. This initiative also accommodates the proposal of the Montana Association of Counties (MACo) to have the state pay 100% of the assessor and deputy assessor salaries. Currently, the DOR pays about 63% of the assessor and deputy assessor salaries and the county pays 37%.

### *Streamline and update property tax administration*

Administration of property taxation is shared by state and local governments. Laws governing the administration of property taxation have not been fully examined for more than 20 years. Often these laws do not reflect the use of computers and result in inefficiency and governmental disagreements. The transfer also will include streamlining and updating the property tax administration laws.

### *Clarify fiscal and management responsibilities*

This transfer of duties lays the groundwork for a more efficient administrative structure and clarifies the financial and management responsibilities. This transfer would be effective beginning July 1, 1993. The four major benefits are to: (1) clarify the state and counties' management and financial responsibilities; (2) eliminate disagreements between state and local governments over space rental, salaries, and computers; (3) permit a more flexible and effective use of staff; and (4) recognize the computerized environment of property tax administration.

### *Eliminate state/county disagreements*

Cost of this initiative is \$1,452,000 general fund in FY94 and \$1,400,000 in FY95 and future years. These costs are due to: assumption of 100% of salary and benefit costs; upgrading of salary levels to a minimum grade 13 level; additional salary adjustments based on length of service; rent for county office space; increased mainframe processing; and additional computer equipment. These costs are offset by reductions in county computer support costs. Elected and deputy assessors are currently budgeted at 0.70 FTE each; the additional 0.30 FTE for each position would add a total of 28.80 FTE (not reflected in the budget table above). Legislation is being introduced to implement this initiative.

### *General fund cost: \$1.45 million in FY94 \$1.4 million in FY95*



# Department of Administration

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	320.64	327.64	303.76	17.23	320.99	324.99
Personal Services	9,927,278.90	10,284,915	10,572,195	610,200	11,182,395	11,253,199
Operating Expenses	26,188,269.33	28,161,351	27,244,826	1,791,787	29,036,613	29,496,536
Equipment	3,120,360.96	1,706,999	2,413,975	471,617	2,885,592	2,550,468
Capital Outlay	18,724.50	0	0	0	0	0
Local Assistance	1,403,313.13	824,573	4,737	38,446	43,183	11,487
Benefits and Claims	33,935,632.32	46,400,000	0	0	0	0
Transfers	17,137,195.31	15,387,640	58,801	0	58,801	58,801
Debt Service	6,710,854.86	7,835,314	3,357,118	0	3,357,118	2,476,942
<b>Total Agency Costs</b>	<b>\$98,441,629.31</b>	<b>\$110,600,792</b>	<b>\$43,651,652</b>	<b>\$2,912,050</b>	<b>\$46,563,702</b>	<b>\$45,847,433</b>
General Fund	21,079,601.11	20,815,797	3,507,650	250,487	3,758,137	3,625,259
State Special Revenue Fund	3,592,217.93	3,073,087	725,272	25,706	750,978	752,960
Federal Special Revenue Fund	0.00	0	0	30,057	30,057	30,058
Capital Projects Fund	1,595,925.79	1,634,648	58,801	0	58,801	58,801
Proprietary Fund	72,173,884.48	85,077,260	39,359,929	2,605,800	41,965,729	41,380,355
<b>Total Funding</b>	<b>\$98,441,629.31</b>	<b>\$110,600,792</b>	<b>\$43,651,652</b>	<b>\$2,912,050</b>	<b>\$46,563,702</b>	<b>\$45,847,433</b>
Director's Office	353,438.04	408,091	336,981	13,744	350,725	353,140
Governor Elect Program	0.00	50,000	0	0	0	0
Accounting Program	19,912,699.17	19,455,768	1,143,815	60,598	1,204,413	1,159,389
Arch & Engineering Pgm	1,440,075.66	1,512,975	725,272	25,706	750,978	752,960
Procurement & Printing Div.	10,252,215.92	10,617,410	10,902,906	524,824	11,427,730	11,948,035
Information Services Division	21,671,430.97	20,572,613	19,823,971	681,800	20,505,771	19,694,175
General Services Program	3,540,375.44	3,891,079	3,918,416	233,122	4,151,538	4,189,752
Mail & Distribution Bureau	2,253,225.02	2,358,339	1,958,001	635,658	2,593,659	2,602,831
State Personnel Division	32,617,103.99	45,656,946	1,655,777	424,198	2,079,975	1,728,007
Risk Management & Tort Defense	6,065,941.77	5,703,686	2,784,790	165,000	2,949,790	2,980,999
State Tax Appeal Board	335,123.33	373,885	401,723	147,400	549,123	438,145
<b>Total Program Costs</b>	<b>\$98,441,629.31</b>	<b>\$110,600,792</b>	<b>\$43,651,652</b>	<b>\$2,912,050</b>	<b>\$46,563,702</b>	<b>\$45,847,433</b>

**MISSION STATEMENT:** To centrally provide for other state agencies various service and control functions which generally result in cost savings, more effective management or other benefits to employees and agencies.

## POLICY INITIATIVE

Responsibility for management of the Statewide Budgeting and Accounting System (SBAS), the Payroll/Personnel/Position Control System (PPP), and the Warrant Writing System should be consolidated within the Department of Administration.

*Management is divided between DOA and State Auditor*

Currently, responsibility for management of these systems is divided between DOA, which is responsible for SBAS and personnel, and the State Auditor's Office, which is responsible for payroll, position control and the warrant writing system.

*Fragmentation prevents economies and integration that will enable SBAS and PPP to match*

Although Montana pioneered sound financial systems, continued fragmentation of duties and goals among two primary departments adversely impacts the ability of the departments to achieve economies associated with further systems integration. To achieve needed system integration that will enable SBAS and PPP to match, and all systems to improve, integrated management is required.

*Transfer payroll and warrant writing to DOA July 1, 1993. Legislation requested by the Legislative Audit Committee*

To accomplish effective management and coordination of these closely-linked systems, this initiative would transfer payroll and warrant writing systems responsibilities from the State Auditor's Office to DOA effective July 1, 1993. Enabling legislation is being requested by the Legislative Audit Committee pursuant to recommendations from the HJR48 study of management information processing technology. The Legislative Finance Committee and the Legislative Audit Committee supported this recommendation on November 20, 1992.

*Also bad debts collections attached to warrant writing*

The transfer of the State Payroll Program involves 8.00 FTE and a biennial budget of \$1,147,486, of which \$431,587 is supported by the general fund. The transfer of the warrant writing system involves 13.67 FTE and a biennial budget of \$1,887,784, including \$390,661 general fund. The warrant writing system, known formally as the Fiscal Control and Management Program, also includes state bad debts collections with of 6.00 FTE. Bad debts is a proprietary operation, funded by retention of a percentage of debts collected for other state agencies, which is attached to warrant writing to allow constant access to the state warrant database.

Responsibility for management of the position control system would be transferred from the State Auditor's Office to DOA, although OBPP would continue to be responsible for review and approval of all changes to the position control system data in accordance with substantive law.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	9.00	9.00	6.78	.22	7.00	6.78	.22	7.00
Personal Services	289,220.75	332,863	296,350	13,744	310,094	296,976	13,760	310,736
Operating Expenses	38,947.37	64,228	33,687	0	33,687	35,460	0	35,460
Equipment	25,269.92	11,000	6,944	0	6,944	6,944	0	6,944
Total Agency Costs	<u>\$353,438.04</u>	<u>\$408,091</u>	<u>\$336,981</u>	<u>\$13,744</u>	<u>\$350,725</u>	<u>\$339,380</u>	<u>\$13,760</u>	<u>\$353,140</u>
General Fund	285,070.70	329,378	245,150	13,744	258,894	246,986	13,760	260,746
State Special Revenue Fund	0.00	11,634	0	0	0	0	0	0
Proprietary Fund	68,367.34	67,079	91,831	0	91,831	92,394	0	92,394
Total Funding Costs	<u>\$353,438.04</u>	<u>\$408,091</u>	<u>\$336,981</u>	<u>\$13,744</u>	<u>\$350,725</u>	<u>\$339,380</u>	<u>\$13,760</u>	<u>\$353,140</u>

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) an increase in personal services of approximately \$21,000 in FY94 and \$23,000 in FY95 for two employees who worked reduced work hours to meet the 4% vacancy savings target, underfunded pay plan, .5% general fund reduction and January Special Session reduction. FTE have also been decreased 0.22 as part of the reduction required by section 13 of HB2; (b) maintenance contracts increased approximately \$700 per year and (c) two

computers and a printer require replacement at a cost of \$4,968 per fiscal year.

Funding for this program is comprised of general fund and proprietary revenues for recovery of the cost of the legal unit from various divisions within the Department of Administration based on a time study by the legal staff.

**MODIFIED LEVEL SERVICES:** Restoration of FTE The executive budget recommends general fund of \$13,849 in FY94, \$13,865 in FY95 and 0.22 FTE (0.11 Director and 0.11 Deputy Director) reinstated due to limited professional staffing levels in Director's Office, extra demands on these positions during legislative session

and the "learning curve" period while the director is in transition, and increased office workload due to reduced cash flow projections and increased TRANS activity. These positions are funded through the general fund.



## 6101-02 GOVERNOR ELECT PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	0.00	50,000	0	0	0	0
Total Agency Costs	\$0.00	\$50,000	\$0	\$0	\$0	\$0
General Fund	0.00	50,000	0	0	0	0
Total Funding Costs	\$0.00	\$50,000	\$0	\$0	\$0	\$0

## 6101-03 ACCOUNTING PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	24.25	24.25	22.83	1.67	24.50	22.83	1.67	24.50
Personal Services	729,050.60	659,050	784,308	48,197	832,505	786,618	48,338	834,956
Operating Expenses	449,052.57	736,877	353,944	12,401	366,345	309,105	12,384	321,489
Equipment	2,871.06	0	5,563	0	5,563	2,944	0	2,944
Local Assistance	16,775.32	0	0	0	0	0	0	0
Transfers	16,281,824.62	14,513,524	0	0	0	0	0	0
Debt Service	2,433,125.00	3,546,317	0	0	0	0	0	0
Total Agency Costs	\$19,912,699.17	\$19,455,768	\$1,143,815	\$60,598	\$1,204,413	\$1,098,667	\$60,722	\$1,159,389
General Fund	18,561,235.32	18,103,462	1,075,669	30,541	1,106,210	1,030,741	30,664	1,061,405
State Special Revenue Fund	494,057.00	501,034	0	0	0	0	0	0
Federal Special Revenue Fund	0.00	0	0	30,057	30,057	0	30,058	30,058
Capital Projects Fund	826,130.85	850,000	0	0	0	0	0	0
Proprietary Fund	31,276.00	1,272	68,146	0	68,146	67,926	0	67,926
Total Funding Costs	\$19,912,699.17	\$19,455,768	\$1,143,815	\$60,598	\$1,204,413	\$1,098,667	\$60,722	\$1,159,389

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) a reduction of 1.14 FTE as a result of section 13 of HB2; and (b) the DP unit located in Management Support Bureau now bills its services for computer maintenance to non-general fund divisions which results in a decrease in general fund of \$34,396 in FY94 and

\$34,102 in FY95. The majority of the program is supported by the general fund with the exception of 1.00 FTE and associated operating costs funded by the Board of Investments and the DP unit which bills for its services to non-general fund divisions within the Department of Administration based on the number of computers supported.

**MODIFIED LEVEL SERVICES:** FTE Restoration The executive budget recommends general fund of \$30,660 in FY94, \$30,799 in FY95 and 1.14 FTE reinstated as follows: 0.39 FTE (accountant) is required in order to publish the Statewide Comprehensive Annual Report (CAFR) on a timely basis and to assure the Statewide Budgeting and Accounting System (SBAS) and the agencies who use the system are operating in accordance with generally accepted accounting principles. Failure to do so could jeopardize the state's financial condition. 0.50 FTE (accounting tech) is required in the treasury unit to do monthly bank balancing and reconciliation between the State's bank clearing account and SBAS as required by statute (17-1-111, MCA). 0.25 FTE (accounting tech) is required to prepare payroll for the Department of Administration.

## 6101-04 ARCH &amp; ENGINEERING PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	15.00	15.00	14.46	.54	15.00	14.46	.54	15.00
Personal Services	474,600.87	523,466	518,171	25,706	543,877	519,149	25,741	544,890
Operating Expenses	227,096.79	260,787	188,642	0	188,642	200,142	0	200,142
Equipment	23,130.00	2,500	18,459	0	18,459	7,928	0	7,928
Transfers	715,248.00	726,222	0	0	0	0	0	0
Total Agency Costs	\$1,440,075.66	\$1,512,975	\$725,272	\$25,706	\$750,978	\$727,219	\$25,741	\$752,960
State Special Revenue Fund	724,827.66	786,753	725,272	25,706	750,978	727,219	25,741	752,960
Capital Projects Fund	715,248.00	726,222	0	0	0	0	0	0
Total Funding Costs	\$1,440,075.66	\$1,512,975	\$725,272	\$25,706	\$750,978	\$727,219	\$25,741	\$752,960

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) total FTE were reduced by 0.54 FTE as a result of section 13 of HB2; (b) transfer authority from the capital projects fund will be funded through a language appropriation in the appropriations bill; and (c) increased operations authority of approximately \$26,500 is requested in FY94 and FY95 to more accurately reflect the continued increased workload as a result of the expanded Long-Range Building Program as all major projects were not on-line during all or part of FY92.

Recommended Bill Language:

"The department is appropriated from the capitol projects fund for FY94 and FY95 amounts equal to the state special revenue

Currently, the person in this position has been there in excess of 7 years and does the job on a 3/4 basis. In the event of a vacancy in this position, a new person would require at least two years full time to learn the duties and responsibilities.

**CMIA Implementation** The executive budget recommends federal revenue authority of \$30,000 each fiscal year and 0.50 FTE to implement and administer the Cash Management Improvement Act of 1990 for the state. This act requires the state to determine the amount of interest it has earned on federal funds received in advance of related disbursements as well as interest lost on State funds as a result of making disbursements on behalf of Federal programs.



to transfer funds from the capitol projects account to the state special account."

division is concerned about possible litigation as a result of failure to provide adequate services. No additional FTE had been requested as a result of the expanded Long-Range Building Program.

## 6101-06 PROCUREMENT &amp; PRINTING DIV.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	59.50	62.50	56.17	3.50	59.67	60.17	3.50	63.67
Personal Services	1,551,791.05	1,693,015	1,651,841	93,741	1,745,582	1,743,922	93,870	1,837,792
Operating Expenses	8,441,943.16	8,722,613	9,054,509	431,083	9,485,592	9,501,315	442,045	9,943,360
Equipment	258,481.71	75,254	152,356	0	152,356	122,683	0	122,683
Debt Service	0.00	126,528	44,200	0	44,200	44,200	0	44,200
Total Agency Costs	\$10,252,215.92	\$10,617,410	\$10,902,906	\$524,824	\$11,427,730	\$11,412,120	\$535,915	\$11,948,035
General Fund	418,256.40	418,809	446,921	0	446,921	449,098	0	449,098
Proprietary Fund	9,833,959.52	10,198,601	10,455,985	524,824	10,980,809	10,963,022	535,915	11,498,937
Total Funding Costs	\$10,252,215.92	\$10,617,410	\$10,902,906	\$524,824	\$11,427,730	\$11,412,120	\$535,915	\$11,948,035

Purchasing Bureau is funded solely by general fund. Publications and Graphics Bureau provides printing, duplicating, computerized topography, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy to state agencies on a proprietary fund basis. Property and Supply Bureau provides centralized purchasing and distribution of office and janitorial supplies for state agencies on a proprietary fund basis. The Property and Supply Bureau is also responsible for the surplus property program which disposes of property no longer needed by an agency.

FTE purchasing and supply assistant in Property and Supply Bureau to maintain current level services; 1.00 FTE duplicating machine operator in Publications and Graphics Bureau to maintain up-to-date



processing of print jobs for State agencies; 0.50 Programmer in Publications and Graphics Bureau to provide sole source technical assistance for the bureau's computer system.

Excess Property Program The executive budget recommends proprietary revenue authority of \$200,000 each fiscal year of the 1995 biennium to provide for freight to transport property acquired from the Department of Defense as a result of the federal excess property program.

Natural Gas Procurement The executive budget recommends proprietary revenue authority of \$114,000 in FY94 and \$125,000 in FY95 to fund natural gas purchases for qualifying units of the university system and other state facilities.

#### 6101-07 INFORMATION SERVICES DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	119.14	122.14	114.14	5.50	119.64	114.14	5.50	119.64
Personal Services	4,193,246.83	4,314,632	4,434,536	178,800	4,613,336	4,445,504	179,089	4,624,593
Operating Expenses	8,974,855.96	9,584,802	9,924,326	103,000	10,027,326	10,346,083	35,000	10,381,083
Equipment	2,744,150.79	1,597,044	2,154,300	400,000	2,554,300	2,007,185	250,000	2,257,185
Capital Outlay	18,714.50	0	0	0	0	0	0	0
Local Assistance	1,381,800.40	824,573	0	0	0	0	0	0
Transfers	85,575.75	89,093	0	0	0	0	0	0
Debt Service	4,273,086.74	4,162,469	3,310,809	0	3,310,809	2,431,314	0	2,431,314
Total Agency Costs	\$21,671,430.97	\$20,572,613	\$19,823,971	\$681,800	\$20,505,771	\$19,230,086	\$464,089	\$19,694,175
General Fund	299,999.00	300,000	0	0	0	0	0	0
State Special Revenue Fund	1,713,261.50	1,263,666	0	0	0	0	0	0
Proprietary Fund	19,658,170.47	19,008,947	19,823,971	681,800	20,505,771	19,230,086	464,089	19,694,175
Total Funding Costs	\$21,671,430.97	\$20,572,613	\$19,823,971	\$681,800	\$20,505,771	\$19,230,086	\$464,089	\$19,694,175

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) reduction of 6.50 FTE as a result of section 13 of HB2; (b) \$434,000 in FY94 and \$608,000 in FY95 for rental of software programs; (c) \$200,000 for the biennium for contracted programming services required to handle an excessive workload or specialized expertise requirements; (d) \$440,000 in FY94 and \$853,000 in FY95 for projected growth in long distance usage for

Montana Fueling Program The executive budget recommends 1.00 FTE and proprietary revenue authority of approximately \$150,000 per year for operation of the Montana fueling program which will contract with vendors to provide fueling stations for state agencies and local jurisdictions. The fueling program will allow state and local governments to reduce the number of fuel tanks each entity currently owns and operates, reducing the costs of compliance with environmental regulations and avoiding the associated liability of tank leaks. Bulk purchases will create substantial cost savings and computerized billing systems will provide greater management control.

administrative purposes, students, video, data circuits and growth in local service; (e) \$40,000 in FY94 for telecommunication switch upgrades; (f) \$80,000 in FY94 and \$80,000 in FY95 for DECNET network expansion; (g) \$175,000 in FY94 and \$75,000 in FY95 for the capital complex fiber project; (h) \$63,000 in FY94 and FY95 for network diagnostic equipment; (i) decrease in debt service of \$881,000 in FY94 and \$1,506,000 in FY95 as payments for Lease Participation Certificates are completed.

Information Services Division is a proprietary fund that recovers its costs through charges to all state agencies who use central mainframe computer processing, local area networking, local and

long distance telephone networking, application development support and other computer-related services.

**MODIFIED LEVEL SERVICES:** FTE Restoration The executive budget recommends proprietary revenue authority of \$145,785 in FY94, \$145,030 in FY95 and 4.50 FTE reinstated as follows: 0.50 FTE secretary for administrator; 1.00 FTE computer programmer to provide support for a wide variety of systems in several state agencies; 1.00 FTE software specialist which provides technical support for three strategic software subsystems on the State's mainframe computer; 1.00 FTE capitol operator which provides information about state government or assists in locating specific services within the state; 1.00 FTE information systems planner which reviews and approves agency acquisitions of data processing equipment.

Network Control Center Backup The executive budget recommends proprietary revenue authority of \$250,000 each year to provide backup to the state's network control center in the event of losing the current network control center. This would

maintain statewide mainframe access regardless of the point of disaster.

Interactive Voice Response The executive budget recommends proprietary revenue authority of \$183,049 in FY94, \$48,092 in FY95 and 1.00 FTE to acquire an interactive voice response unit which allows the public to access information in our state computer systems by using a touch tone telephone.

Zip-Plus-Four Software The executive budget recommends proprietary revenue authority of \$103,000 in FY94 and \$20,000 in FY95 to provide Zip-Plus-Four software for users of ISD's mainframe computer and agencies using personal computers. Agencies will be able to print addresses that are federally approved to allow this mail to qualify for US Postal Service postage discounts which will be available through bar-coding.



## POLICY INITIATIVE

Montana educational telecommunications network (METNET) development, expansion and utilization shall continue as a priority state policy via adoption of HB11.

### *Cooperative program DOA, OPI, and MUS*

Since adoption of enabling legislation in 1991, tremendous strides have been made in developing METNET. As a cooperative program, the Department of Administration is responsible for telecommunications for all agencies of state government, the Office of Public Instruction has a supervisory role over the public system of elementary and high schools, and the Office of the Commissioner of Higher Education has responsibility for the Montana University System.

### *Video network at four sites available for use by higher education, K-12 schools and state agencies*

Video network has been installed at four sites: Billings, Bozeman, Helena and Missoula, and is now available for use by higher education, K-12 schools and state agencies. Regularly scheduled educational classes have priority on the network, but state agencies also are being encouraged to plan interactive video conferences, access the satellite uplink/transmitter at MSU for statewide satellite video teleconferences, and video classes, training and hearings among cities. Videoconferencing provides instant two-way, interactive audio-visual communications among people in two or more distant sites.

### *Potential to transform both education and major areas of state business*

Throughout the nation, educators, policy makers, legislators and the general public are supporting development of this technology because of its potential to transform both education and major areas of state business. Not only can a developed telecommunications system bring specialized teachers to the most remote region of a state, but it can do so in an affordable manner. For agencies, the benefits include increased productivity, savings in travel costs, rapid consultation with experts, involving more key people in efficient, effective decision making, opportunities for professional training and continuing education, and access to a statewide satellite audience.

### *Future potential for rural Montana and rural health care*

Future potential is limited only by our imagination, initiative and commitment of resources to METNET. For example, modern telecommunications can bring rural Montana out of geographic isolation by linking them more closely with regional, national and even international economies, thereby making existing businesses more competitive and enabling development of new businesses. Modern telecommunications can ensure rural health care providers have access to information and assistance from major medical centers.

### *HB11 authority of \$3.6 million*

Recommended in HB11 for the 1995 biennium is spending authority of more than \$3.6 million, plus



DOA \$1 million general fund  
 OPI \$629,169 general fund  
 CHE \$1 million state special  
 revenue

any fees collected for the use of METNET; (a) Department of Administration - \$1 million general fund and \$1 million federal special and private revenue for network development; (b) OPI - an increase in the state equalization account equal to \$2 for each average number belonging (budgeted at \$629,169 general fund); (c) Commissioner of Higher Education - \$1 million state special revenue from discretionary funds up to \$5 for each FTE student and from other sources; and (d) Department of Administration - proprietary account authority for additional administrative costs over current level collected pursuant to Title 20, Chapter 32, MCA.

## 6101-08 GENERAL SERVICES PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	20.00	20.00	19.00	1.00	20.00	19.00	1.00	20.00
Personal Services	653,169.20	624,917	654,591	33,122	687,713	659,833	33,191	693,024
Operating Expenses	2,803,502.66	3,202,177	3,197,834	200,000	3,397,834	3,330,730	100,000	3,430,730
Equipment	28,146.64	5,184	7,190	0	7,190	7,197	0	7,197
Capital Outlay	10.00	0	0	0	0	0	0	0
Benefits and Claims	1,000.00	0	0	0	0	0	0	0
Transfers	54,546.94	58,801	58,801	0	58,801	58,801	0	58,801
Total Agency Costs	\$3,540,375.44	\$3,891,079	\$3,918,416	\$233,122	\$4,151,538	\$4,056,561	\$133,191	\$4,189,752
General Fund	259,977.07	345,760	400,938	0	400,938	415,739	0	415,739
Capital Projects Fund	54,546.94	58,426	58,801	0	58,801	58,801	0	58,801
Proprietary Fund	3,225,851.43	3,486,893	3,458,677	233,122	3,691,799	3,582,021	133,191	3,715,212
Total Funding Costs	\$3,540,375.44	\$3,891,079	\$3,918,416	\$233,122	\$4,151,538	\$4,056,561	\$133,191	\$4,189,752

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) a reduction of 1.00 FTE as a result of section 13 of HB2; and (b) an increase of approximately \$85,000 in FY94 and \$115,000 in FY95 to accommodate an increase in service contracts such as janitorial, mechanical, elevator maintenance, pest control and security protection which will be bid during the next biennium. General Services is a proprietary fund that recovers its costs through rent charged state agencies located in state buildings for which they provide repair and maintenance, security and custodial services. Twelve percent of general service costs are charged to the general fund for "common" areas of the capitol complex. The General Services account also receives minor amounts of funding from the capitol building account.

Recommended Bill Language:

"Funds remaining in the capitol land grant account of the capitol projects fund, after the appropriations are met for the General Services Division of the Department of Administration are appropriated to the Long Range Building debt service fund for the payment of principal and interest on bond issues for public buildings at the capitol for executive, legislative and judicial purposes, as outlined in Section 12 of the Enabling Act. This appropriation is for the biennium ending June 30, 1995, and is not to exceed the annual debt service required on these bonds."

**MODIFIED LEVEL SERVICES** FTE Restoration The executive budget recommends proprietary revenue authority of \$33,122 in FY94, \$33,191 in FY95 and 1.00 FTE to restore a maintenance painter who performs preventive maintenance and forestalls deterioration of the facilities on the capital complex. Agencies would have to contract and pay increased costs for this service if the position were eliminated.

**Scheduled Major Maintenance.** The executive budget recommends \$100,000 in proprietary revenue authority for each fiscal year to increase the state's level of effort in adequately maintaining the physical condition of the capitol complex. The division's priorities

## 6101-13 MAIL &amp; DISTRIBUTION BUREAU

[illegible]

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) a decrease of 0.52 FTE as a result of section 13 of HB2; and (b) an increase of approximately \$35,000 in FY94 for the purchase of a delivery van to transport mail to state agencies and an upgrade of

the UPS System to meet handling and mailing requirements.

The Mail and Distribution Bureau is a proprietary fund that recovers its costs through charges to state agencies for mail service ( U.S. mail, UPS and Capitol Post Office).

**MODIFIED LEVEL SERVICES**      FTE Restoration      The executive budget recommends proprietary revenue authority of \$10,729 in FY94, \$11,841 in FY95 and 0.52 FTE mail clerk reinstated to enable the bureau to continue to process the state's mail in order to achieve the greatest possible postal discounts for state agencies.

**Central Mail Expansion** The executive budget recommends proprietary revenue authority of \$506,429 in FY94, \$465,505 in FY95 and 2.00 FTE to maintain current level staff and funding added since July 1991 by budget amendment due to additional requests for mail services by state agencies.



Central Mail Automation The executive budget recommends proprietary revenue authority of \$119,600 in FY94 and \$170,600 in FY95 to provide the necessary equipment to automate incoming and outgoing mail. The automation will enable the bureau to

qualify for preprocessing discounts on outgoing mail, provide prompt delivery of mail, and retrofit the central mail facility to accommodate new equipment, and improve the efficiency and safety the facility.

## 6101-23 STATE PERSONNEL DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	38.00	38.00	36.72	2.28	36.72	2.28
Personal Services	1,129,426.61	1,134,413	1,216,118	94,664	1,219,831	94,779
Operating Expenses	1,028,156.45	1,115,516	416,609	326,517	373,865	21,234
Equipment	15,268.36	7,017	22,330	3,017	18,298	0
Benefits and Claims	30,439,956.45	43,400,000	0	0	0	0
Debt Service	4,296.12	0	720	0	0	0
Total Agency Costs	\$32,617,103.99	\$45,656,946	\$1,655,777	\$424,198	\$1,611,994	\$116,013
General Fund	919,939.29	894,503	937,249	58,802	941,257	58,869
State Special Revenue Fund	3,296.49	10,000	0	0	0	0
Proprietary Fund	31,693,868.21	44,752,443	718,528	365,396	670,737	57,144
Total Funding Costs	\$32,617,103.99	\$45,656,946	\$1,655,777	\$424,198	\$1,611,994	\$116,013
			\$2,079,975		\$1,728,007	

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) a reduction of 1.28 FTE as a result of section 13 of HB2; (b) an increase of \$15,000 each fiscal year to cover the cost of consulting services to develop medical plan options to control claims costs; (c) an increase of \$16,000 each fiscal year to bring the Professional Development Center back to current level on spending authority to contract for seminars; and (d) an additional \$14,150 in FY94 to put the cost of the biennial audit of claims administration services into the first year instead of split equally

between both fiscal years.

Personnel Administration is supported by the general fund. Employee Benefits operates the health insurance program and is funded through investment earnings on the self insurance fund. The Professional Development Center is a proprietary fund that recovers its costs through charges to state agencies for training.

**MODIFIED LEVEL SERVICES** FTE Restoration The executive budget recommends \$58,802 in FY94 and \$58,869 in FY95 in general fund and 1.28 FTE reinstated as follows 1.00 FTE career executive assignment which provides leadership and management on difficult personnel issues, implements new laws, trains and advises agencies. Elimination of this position would drastically weaken the division's ability to address emerging and critical

personnel issues. 0.28 personnel specialist which provides technical expertise in job analysis to state agencies and classifies new positions. The division is currently implementing a new classification system and is unable to absorb the workload of this position.

Centralized Recruitment Activities The executive budget



recommends \$19,000 each fiscal year in proprietary revenue authority to coordinate and centralize current recruitment activities throughout the state, creating cost savings for agencies. A central interest referral system for positions would be used to conduct joint advertising and match existing applicants with new vacancies.

Online Group Benefits Enrollment/Eligibility System The executive budget recommends \$300,000 proprietary revenue authority in FY94 for development of an online state group benefits enrollment

and eligibility system as part of the P/P/P System.

Health Benefits Cost Containment Programs The executive budget recommends 1.00 FTE and \$35,862 in FY94 and \$35,910 in FY95 in proprietary revenue authority to more aggressively control state employee health plan claims costs. Health benefits program innovations will be developed and administered to allow the state to more effectively control health claims costs, projected to increase 15 to 22 percent per year.

## 6101-24 RISK MANAGEMENT & TORT DEFENSE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod/Policy	Total	Total
Full Time Equivalent Employees	13.00	13.00	12.43	.00	12.43	.00
Personal Services	377,763.46	441,841	440,406	0	440,406	0
Operating Expenses	2,181,653.10	2,259,345	2,339,840	165,000	2,504,840	165,000
Equipment	11,849.34	2,500	4,544	0	4,544	0
Benefits and Claims	3,494,675.87	3,000,000	0	0	0	0
Total Agency Costs	\$6,065,941.77	\$5,703,686	\$2,784,790	\$165,000	\$2,949,790	\$165,000
State Special Revenue Fund	656,775.28	500,000	0	0	0	0
Proprietary Fund	5,409,166.49	5,203,686	2,784,790	165,000	2,949,790	165,000
Total Funding Costs	\$6,065,941.77	\$5,703,686	\$2,784,790	\$165,000	\$2,949,790	\$165,000

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) a reduction of 0.57 FTE and \$22,230 in proprietary revenue authority related to section 13 of HB2; and (b) an increase of approximately \$164,000 in FY94 and \$197,000 in FY95 related to payment of commercial insurance policies which are bid on a regular basis. These amounts reflect FY93 budget plus a premium adjustment of \$38,748 in FY94 and \$40,685 in FY95 as a result of a property appraisal done on MSU.

Risk Management and Tort Defense Division is a proprietary

operation which recovers its costs through charges to state agencies for commercial insurance premiums and self-insurance premiums which are accumulated in the self-insurance fund to cover general liability claims and property loss claims which are below the \$150,000 deductible.

### Recommended Bill Language:

"The Department is appropriated funds to pay the deductible portion of each claim incurred and covered by a deductible insurance plan from the deductible reserve fund authorized in 2-9-202(2)."

**MODIFIED LEVEL SERVICES** Contract Legal Counsel The executive budget recommends \$350,000 each fiscal year in

proprietary revenue authority to allow the division to contract with private law firms on extremely complex legal cases where the

potential for loss to the State of Montana is very high. Aggressive defense against tort claims is highly cost effective for the State.

each fiscal year in proprietary revenue authority to provide for updated and accurate appraisals of state property for insurance purposes.

**Property Appraisals** The executive budget recommends \$15,000

## 6101-37 STATE TAX APPEAL BOARD

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	10.50	10.50	10.50	.00	10.50	10.50	.00	10.50
Personal Services	266,190.03	275,048	330,809	71,673	402,482	331,314	17,641	348,955
Operating Expenses	59,012.02	98,837	66,003	37,281	103,284	66,973	10,556	77,529
Equipment	5,183.87	0	174	0	174	174	0	174
Local Assistance	4,737.41	0	4,737	38,446	43,183	4,737	6,750	11,487
<b>Total Agency Costs</b>	<b>\$335,123.33</b>	<b>\$373,885</b>	<b>\$401,723</b>	<b>\$147,400</b>	<b>\$549,123</b>	<b>\$403,198</b>	<b>\$34,947</b>	<b>\$438,145</b>
General Fund	335,123.33	373,885	401,723	147,400	549,123	403,198	34,947	438,145
<b>Total Funding Costs</b>	<b>\$335,123.33</b>	<b>\$373,885</b>	<b>\$401,723</b>	<b>\$147,400</b>	<b>\$549,123</b>	<b>\$403,198</b>	<b>\$34,947</b>	<b>\$438,145</b>

**CURRENT LEVEL SERVICES:** The current level budget for the State Tax Appeal Board contains no appreciable increase. Funding is

from the general fund.

**MODIFIED LEVEL SERVICES:** 1993 Reappraisal Cycle Funding. The executive budget recommends \$147,399 in FY94 and \$34,947 in FY95 from the general fund for reimbursements to county tax appeal boards, increased travel, long distance telephone charges, and supplies and materials due to the anticipated increase in appeal filings statewide resulting from the Department of Revenue's 1993 appraisal cycle. The new assessments are to be mailed to taxpayers in the spring of 1993. Historically, Department of Revenue's reappraisal results in a great number of filings in the first and, to a lesser degree, the second year in which taxpayers receive

their revised notices of assessment which inform them of their property values for the new reappraisal cycle. The appeals workload levels cannot be predicted with certainty. The additional amounts represent 50% of the difference between FY86 and FY87 expenditures and the current level budget for FY94 and FY95. It is anticipated that the level of appeals in the 1993 reappraisal cycle will be somewhat less than in the 1986 cycle. However, if the appeals workload is greater than anticipated in the executive budget request, a supplemental request may be necessary for the 1995 biennium.



## State Compensation Mutual Insurance

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	222.50	217.90	217.90	224.50	217.90	227.50
Personal Services	5,800,364.00	5,896,505	6,267,589	6,498,681	6,275,960	6,584,924
Operating Expenses	3,167,133.13	3,885,903	3,516,606	3,615,187	3,470,382	3,922,172
Equipment	292,286.91	127,138	281,566	310,066	179,597	236,597
Benefits and Claims	115,265,200.37	118,060,000	166,027,953	166,027,953	182,948,465	0
Transfers	75,992,084.73	51,959,054	2,839,300	2,839,300	2,716,695	0
Debt Service	272,363.01	0	0	134,256	0	221,580
Total Agency Costs	\$200,789,432.15	\$179,928,600	\$178,933,014	\$179,425,443	\$195,591,099	\$196,630,433
State Special Revenue Fund	14,355,185.97	14,000,000	0	0	0	0
Proprietary Fund	186,434,246.18	165,928,600	178,933,014	179,425,443	195,591,099	196,630,433
Total Funding	\$200,789,432.15	\$179,928,600	\$178,933,014	\$179,425,443	\$195,591,099	\$196,630,433
St. Compensation Mutual Ins. F	200,789,432.15	179,928,600	178,933,014	179,425,443	195,591,099	196,630,433
Total Program Costs	\$200,789,432.15	\$179,928,600	\$178,933,014	\$179,425,443	\$195,591,099	\$196,630,433

**MISSION STATEMENT:** To administer the state-operated workers' compensation program.

**CURRENT LEVEL SERVICES:** Budgeted current level administrative costs (excluding benefit payments and workers' compensation assessments collected by the department of labor and industry) increase by approximately \$750,000 per year over FY92 actual expenditures. Increases in personal services due to full funding of personal services in the executive budget account for approximately \$475,000 of the increase. Significant increases in administrative expenses other than personal services include: \$100,000 in FY94 and \$130,000 in FY95 due to projected 5% per year increase for services provided by the National Council on Compensation Insurance and prior year adjustments; \$35,000 per

year for actuarial consulting fees; and \$212,000 in FY94 and \$263,000 in FY95 for additional contracts with selected employer groups to provide loss control services to their members.

Benefit payments to claimants and medical providers increase from approximately \$110,000,000 in FY 1992 to \$166,000,000 in FY 1994 and \$183,000,000 in FY 1995. These estimates were provided by the State Fund's independent actuary. The assessments to the State Fund for its share of the Department of Labor & Industry, Workers' Compensation Court, rehabilitation and subsequent injury assessments are expected to increase from just



under \$2 million in FY 1992 to approximately \$2.6 million in each year of the next biennium.

Funding for the state fund current level consists of premiums paid into the "new fund" (policies since January 1, 1990) for \$119 million and \$145 million in FY94 and FY95, respectively) and

**MODIFIED LEVEL SERVICES:** Imaging Technology The executive budget recommends approximately \$1 million for the biennium and 3.00 and 6.00 FTE in FY94 and FY95 respectively, to finance acquisition of imaging equipment and provide complete in-house support. The application of imaging technology is appropriate for operations having the following characteristics: there are large amounts of paper-based documents; paper-based information cannot be replaced with automated information; the information in its paper-based form is needed by several individuals simultaneously; and the processing of paper-based documents has critical implications in determining an end result involving significant costs. These characteristics are particularly applicable to the insurance industry in handling claims. The primary advantage of imaging technology for an insurance operation is to achieve simultaneous work flow on claims, reduction of time and motion wastage in handling files, and more effective control over records maintenance.

Continue 1993 Biennium Modified FTE The executive budget includes 3.60 FTE which were added in the 1993 biennium within the state fund's current level budget by transferring budget authority from operating expenses to personal services. Due to the procedures used by OBPP and LFA in determining current level FTE

budget authority from the "old fund" account for \$59 million and \$51 million in FY94 and FY95, respectively. The "old fund" account will have no fund balance in the 1995 biennium under current law and will require legislative action to provide new revenues to support the requested budget.

for the 1995 biennium, these 3.60 FTE were not included in the current level and must be requested as a budget modification. Of the 3.60 FTE, 3.00 FTE were added to the data processing unit to provide in-house support which had previously been provided under contract with the Department of Administration. The remaining 0.60 FTE was added to create the position of audit director when the audit function, previously provided by the Department of Labor and Industry, was transferred to the state fund.

Increased Fraud Control The executive budget includes an additional \$65,000 in FY94 and \$90,000 in FY95 to increase the state fund's contract with the department of justice for fraud investigation and prosecution. This increase to the existing contract of \$40,000 per year will allow the department of justice to add 1.00 FTE and 2.00 FTE in FY94 and FY95, respectively.

External Management Review The executive budget includes \$75,000 in FY 1995 for the state fund to contract with a consultant to review claims management practices. An external review would provide an objective analysis of the state fund's policies and procedures and would provide recommendations to improve the state fund's performance.

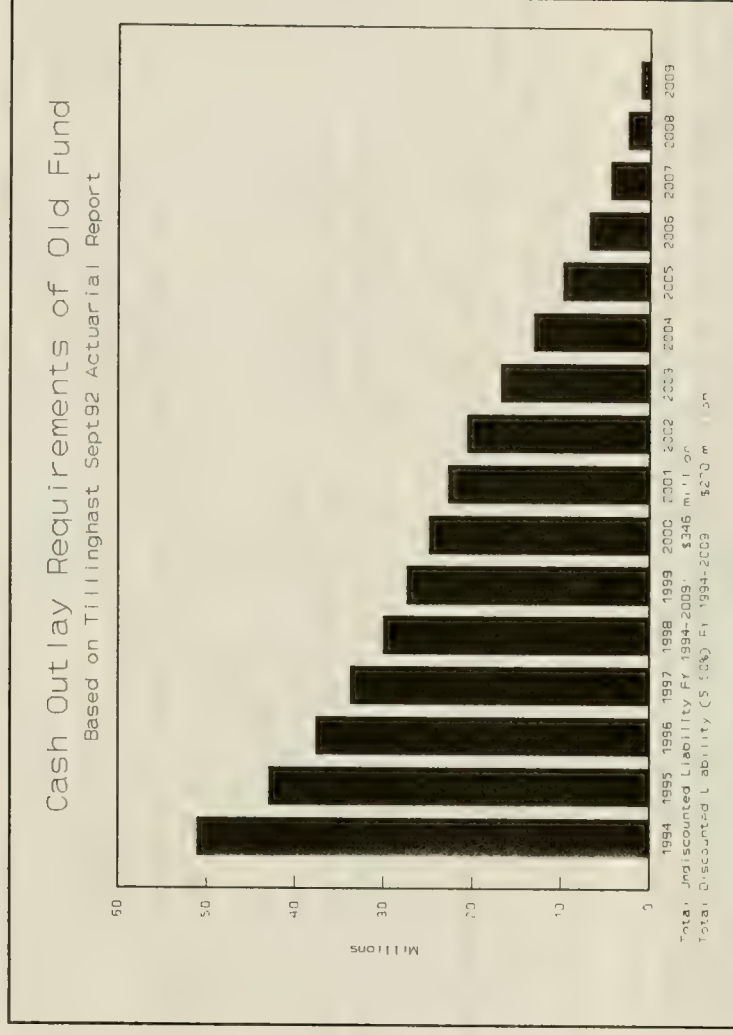
## POLICY INITIATIVE

The executive budget recommends an employer and employee payroll tax to fund either the costs of purchasing reinsurance or continued state underwriting of "old fund" workers compensation liabilities.

*Total liability of the state for old fund claims is projected to be \$350 million*

Bond proceeds and loans supported by the current 0.28% payroll tax are projected to be sufficient to fund outlays only until approximately July 1, 1993 for claims incurred prior to January 1, 1993 (the "old fund"). At that time, the total liability of the state for old fund claims is projected to be approximately \$350 million. These claims are projected to be paid out from FY93 through at least FY 2009. Annual outlays are projected to rapidly decrease from year to year (see chart below).

*Annual outlays are projected to decrease rapidly*



*Total "discounted" liability of the state for old fund claims is projected to be \$270 million*

If the state were able to finance all of the outstanding claims liabilities upfront on July 1, 1993, the amount required would be less than \$350 million. That is because not all of the funds in the old fund account would be spent immediately and could be invested to earn interest. For example, the estimated outlays for FY 2000 is approximately \$25 million. However, only \$17.19 million would be required in the old fund account on July 1, 1993 because, at 5.5% interest, this amount would grow to \$25 million by the time it is needed to pay claims. This lower amount, based on what interest can be earned on an insurance fund's assets before claims must be paid, is known as the "discounted" liabilities. Assuming that the state had all the money it needed to pay \$350 million worth of claims on July 1, 1993, at the projected rate of claims outlays as illustrated in the above chart, approximately \$270 million would be required.

*Debt service costs can be minimized by issuing debt only on an as-needed basis*

However, it may not be cost effective for the state to secure the whole amount of the discounted liabilities on July 1, 1993 if there is a substantial difference between the higher interest rate the state would have to pay to borrow such a large amount of funds and the lower interest rate the state could earn on the proceeds due to federal arbitrage requirements. The amount of debt the state must incur can be minimized by issuing debt only on an as-needed basis in the years when outlays are projected to exceed revenues.

*The executive budget proposes an equal payroll tax on both employers and employees, inclusive of the current 0.28% payroll tax on employers*

The executive budget proposes an equal payroll tax on both employers and employees, inclusive of the current 0.28% payroll tax on employers (for example, a payroll tax of 0.50% would be a net increase to employers of 0.32%). The executive budget recommends legislation which would: 1) authorize the governor to negotiate for the purchase of reinsurance if in the best interests of the state; and 2) establish a payroll tax at a specified rate and the number of years the additional payroll tax would be effective, and establish a general obligation debt ceiling for the life of the remaining old fund liabilities. The table below illustrates the feasible trade-off between the payroll tax rate required for the state to underwrite the liabilities of the old fund, the length of time a payroll tax would be required, and the general obligation debt ceiling required (preliminary projections in \$ millions):

<u>Tax Rate</u>	<u>FY94 Revenue</u>	<u>Years</u>	<u>Total Debt Required</u>	<u>Present Value</u>
0.36%	\$23.6	14.0	\$213.9	\$206.0
0.40%	27.9	11.3	99.5	212.3
0.50%	38.6	7.7	20.3	223.5
0.60%	49.3	5.9	2.1	231.4
0.62%	51.2	5.7	0.0	233.5

Assumptions: average annual wage growth: 4%  
interest on 10-year bond issues: 7%  
investment earnings of claims payment account: 5.5%



*This approach minimizes the total amount of debt which must be issued*

For each tax rate option above, annual revenues would be sufficient to pay current-year claims and to service any debt required for amounts which exceed current revenues. In later years, as current revenue exceeds both current claims and debt service requirements, excess funds would be accumulated in a claims payment account which refunds subsequent year liabilities. This approach minimizes the total amount of debt which must be issued at any given level of revenue while maintaining a constant tax rate. Under this approach, a 0.36% payroll tax is approximately the lowest feasible tax rate option. At 0.62%, revenues would be sufficient to meet all projected claims outlays for each year without being necessary to issue debt.

*If the state were to continue to underwrite old fund claims, the state would also continue to assume the risk that actual claims may be more than anticipated*

The revenue options listed above illustrate the projected costs for the state to continue to underwrite the old fund claims (claims management could either be performed by a private contractor or the existing state fund). The exact amounts and the timing of claims payments cannot be forecast with precision because many important factors which determine the state's ultimate liability for claims are beyond the state's control. If the state were to continue to underwrite old fund claims, the state would also continue to assume the risk that actual claims may be more than anticipated.

*The state should begin with an estimate of what it expects to pay if the state were to continue underwriting claims itself. To this estimate, it would then be reasonable to add some "risk premium"*

To minimize this risk, the state may wish to purchase reinsurance in which a private insurance carrier would, in exchange for a reinsurance premium, assume some or all of the risk that claims will be higher and/or be paid out faster than expected. In determining what would be prudent for the state to pay for reinsurance, the state should begin with an estimate of what it expects to pay if the state were to continue underwriting old funds claims itself. To this estimate, it would then be reasonable to add some amount as an additional "risk premium"--that is, what it would be worth for the state to transfer the risk that claims will be greater and/or be paid faster than anticipated, up to some limit of liability.

*If, after negotiation, the state determined that it would not be in the best interest of the state to purchase reinsurance, the risk premium could serve as an additional cushion*

If, after negotiation, the state determined that it would not be in the best interests of the state to purchase reinsurance, the additional amount could serve as a cushion in the event that liabilities are underestimated or are paid faster than anticipated. The present value of each payroll tax option in the table above indicates a potential amount of proceeds from a bond issue on July 1, 1993 supported by annual payroll tax revenues over the time period specified. For example, at 0.50% the annual revenues of \$38.6 million would be sufficient to support a bond issue in the amount of \$223.5 million, serviced over 7.7 years at 7.00% interest. This amount is useful in establishing a benchmark from which to evaluate how much additional revenue would be required in order to finance a reinsurance premium for the amount of additional liability protection the state may wish to purchase.

## POLICY INITIATIVE

The Governor's Task Force on Workers' Compensation recommends several options for improving the operations of the State Compensation Mutual Insurance Fund.

### *Contract for claims review and settlement*

- 1) Privatizing the claims review and settlement functions through contracting with a private firm, chosen after competitive bidding, to perform all activities up to the point of issuing payments. As a matter of equity and fairness, any private contractor selected would be requested to provide employment preferences to State Fund personnel.

### *Improve administration*

- 2) Adoption by the State Fund of rules or guidelines to improve administrative functions through data collection/availability; sufficiency and equity of ratesetting; and accountability of the Board of Directors.

### *Contract fraud and abuse investigation and strengthen laws*

- 3) Contracting, after competitive bidding, with qualified, experienced, and reputable private firms to investigate instances of workers' compensation fraud and abuse.

### *Workplace safety*

- 4) Strengthen the laws to detect and control fraud and to provide advice and prosecutorial assistance to county attorneys in matters of workers' compensation fraud and abuse.

### *Clarify benefits laws*

- 5) Enactment of a Montana Safety Culture Act to provide employers with the technical expertise and incentives to improve workplace safety.

### *Additional proposals from task force*

- 6) Enactment of proposals by the Subcommittee on Benefit Reform, Rehabilitation, and Early Return to Work to revise, clarify, and strengthen the provisions governing benefits applicable under the workers' compensation law.
- 8) Authorize the State Fund to retain competent, qualified experts to recommend improvements necessary to implement the changes inherent in these proposals with the costs to be absorbed by the workers' compensation fund.
- 9) Implement all the proposals of the Subcommittees of the Governor's Task Force on Workers' Compensation that are consistent with the framework expressed herein.



## Public Employees' Retirement

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	20.00	20.00	20.00	1.00	21.00	20.00	1.00	21.00
Personal Services	567,998.58	577,003	594,636	28,216	622,852	596,452	28,250	624,702
Operating Expenses	657,874.74	473,026	529,460	6,816	536,276	509,946	6,341	516,287
Equipment	14,169.17	1,704	7,716	3,969	11,685	5,435	0	5,435
Total Agency Costs	<u>\$1,240,042.49</u>	<u>\$1,051,733</u>	<u>\$1,131,812</u>	<u>\$39,001</u>	<u>\$1,170,813</u>	<u>\$1,111,833</u>	<u>\$34,591</u>	<u>\$1,146,424</u>
Non-expendable Trust Fund	1,240,042.49	1,051,733	1,131,812	39,001	1,170,813	1,111,833	34,591	1,146,424
Total Funding	<u>\$1,240,042.49</u>	<u>\$1,051,733</u>	<u>\$1,131,812</u>	<u>\$39,001</u>	<u>\$1,170,813</u>	<u>\$1,111,833</u>	<u>\$34,591</u>	<u>\$1,146,424</u>
Public Employees Retirement	1,240,042.49	1,051,733	1,131,812	39,001	1,170,813	1,111,833	34,591	1,146,424
Total Program Costs	<u>\$1,240,042.49</u>	<u>\$1,051,733</u>	<u>\$1,131,812</u>	<u>\$39,001</u>	<u>\$1,170,813</u>	<u>\$1,111,833</u>	<u>\$34,591</u>	<u>\$1,146,424</u>

**MISSION STATEMENT:** To efficiently and equitably administer eight state and local retirement systems in a manner which allows each system to operate on a financially sound basis and provide the broadest retirement coverage to public employee members and their beneficiaries in the event of death, disability or retirement of the members as prescribed by the legislature.

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) increases of approximately \$30,000 in FY94 and \$22,000 in FY95 in computer processing charges due to the new "active" computer system scheduled to come on-line during April 1993; (b) an increase of \$11,550 each fiscal year in rent expense which is the result of renting an additional 2,200 square feet of office space and

an increase in the rental rate per square foot; and (c) \$39,644 in FY94 and \$41,083 in FY95 in warrant writing fees which is a new fee charged by the State Auditor.

Public Employees' Retirement Division is funded through investment earnings from the Public Employees' Retirement System.

**MODIFIED LEVEL SERVICES:** Disability Claims Examiner The Executive recommends pension trust fund of \$39,001 in FY94, \$34,591 in FY95 and 1 FTE disability claims examiner to provide for the review of initial disability claims and the required on-going

review of disability retirees. These claims have been steadily increasing, and current level staff are no longer capable of handling this volume in a timely manner.



# Teachers' Retirement

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	11.50	11.50	11.50	.00	11.50	.00
Personal Services	303,352.09	318,198	329,820	0	330,874	0
Operating Expenses	356,152.01	298,209	273,505	0	245,231	0
Equipment	8,924.35	4,489	19,969	0	10,964	0
Debt Service	0.00	0	61,474	0	61,474	0
Total Agency Costs	\$668,428.45	\$620,896	\$684,768	\$0	\$648,543	\$0
Non-expendable Trust Fund	668,428.45	620,896	684,768	0	648,543	0
Total Funding	\$668,428.45	\$620,896	\$684,768	\$0	\$648,543	\$0
Teachers Retirement Program	668,428.45	620,896	684,768	0	648,543	0
Total Program Costs	\$668,428.45	\$620,896	\$684,768	\$0	\$648,543	\$0

**MISSION STATEMENT:** To maintain a financially sound system that will provide the broadest and fairest possible range of disability, death and retirement benefits to teachers and other eligible members of the State of Montana as prescribed by state statutes.

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) \$37,948 in FY94 and \$39,334 in FY95 in warrant writing fees which is a new fee charged by the State Auditor and (b) a decrease of \$59,000 in FY94 and \$69,200 in FY95 in data processing costs

due to a systems upgrade that allows TRS to run current mainframe applications in-house.

Teachers' Retirement Division is funded through investment earnings of the Teachers' Retirement System.

# Department of Military Affairs

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	99.85	103.35	95.25	10.00	105.25	104.50
Personal Services	2,838,842.78	2,968,397	2,918,188	257,206	3,175,394	3,162,078
Operating Expenses	2,536,101.08	2,883,939	2,486,387	675,067	3,161,454	2,995,868
Equipment	34,889.42	0	14,330	0	14,330	12,184
Capital Outlay	23,200.00	25,000	0	0	0	0
Local Assistance	261,163.46	0	0	0	0	0
Grants	527,166.37	1,025,766	600,000	0	600,000	600,000
Benefits and Claims	2,470.00	2,280	2,280	0	2,280	2,280
<b>Total Agency Costs</b>	<b>\$6,223,833.11</b>	<b>\$6,905,382</b>	<b>\$6,021,185</b>	<b>\$932,273</b>	<b>\$6,953,458</b>	<b>\$6,772,410</b>
General Fund	2,458,041.87	2,379,411	2,177,430	161,103	2,338,533	2,242,318
State Special Revenue Fund	11,549.54	41,169	37,254	0	37,254	33,755
Federal Special Revenue Fund	3,754,241.70	4,459,802	3,806,501	771,170	4,577,671	4,496,337
Capital Projects Fund	0.00	25,000	0	0	0	0
<b>Total Funding</b>	<b>\$6,223,833.11</b>	<b>\$6,905,382</b>	<b>\$6,021,185</b>	<b>\$932,273</b>	<b>\$6,953,458</b>	<b>\$6,772,410</b>
Operations Support	372,527.79	362,573	371,205	0	371,205	369,144
Army National Guard Pgm	1,953,735.21	2,330,605	1,965,244	932,273	2,897,517	2,740,864
Air National Guard Pgm	1,662,901.98	1,698,228	1,650,883	0	1,650,883	1,669,906
Disaster Coordination Response	488,606.67	483,002	482,016	0	482,016	467,506
Emergency Mgmt Development	340,510.25	340,709	349,423	0	349,423	331,740
Local Reimbursement-des	527,166.37	656,000	600,000	0	600,000	600,000
Veterans Affairs Program	567,352.25	663,899	602,414	0	602,414	593,250
Disaster Fund	311,032.59	370,366	0	0	0	0
<b>Total Program Costs</b>	<b>\$6,223,833.11</b>	<b>\$6,905,382</b>	<b>\$6,021,185</b>	<b>\$932,273</b>	<b>\$6,953,458</b>	<b>\$6,772,410</b>

## MISSION STATEMENT:

### National Guard Division:

Provide ready units and personnel to the state and nation in three roles: *Federal:* To support United States national security objectives with trained and ready soldiers, airmen and equipment. *State:* To provide trained and ready soldiers, airmen and equipment to protect life and property, and to preserve peace, order and public safety. *Communities:* To participate in local, state and national programs that add value to America.

### Disaster and Emergency Services Division:

Develop and maintain an emergency management system for the state and local jurisdictions that plans for, responds to, recovers from and mitigates the effects of disasters and emergencies.

### Veterans Affairs:

Assist all veterans, their dependents and beneficiaries in preparing and filing entitlement benefits; and administer the State Veterans Cemetery.

## 6701-01 OPERATIONS SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	9.00	9.00	8.50	.00	8.50	.00
Personal Services	252,425.69	256,493	289,873	0	290,494	0
Operating Expenses	109,072.10	103,800	78,541	0	75,859	0
Equipment	8,560.00	0	511	0	511	0
Benefits and Claims	2,470.00	2,280	2,280	0	2,280	0
Total Agency Costs	\$372,527.79	\$362,573	\$371,205	\$0	\$369,144	\$0
General Fund	372,527.79	362,573	371,205	0	369,144	0
Total Funding Costs	\$372,527.79	\$362,573	\$371,205	\$0	\$369,144	\$0

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) the reduction of 0.50 FTE and \$11,000 general fund for 5% personal services not restored (Section 13, HB2); (b) full personal

services funding for a personnel officer position; (c) a reduction in insurance premiums; and (d) \$6,000 reduction in one time only costs of rent for office space for Guard personnel.



# 6701-12 ARMY NATIONAL GUARD PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	13.00	15.50	13.00	10.00	23.00	13.00	10.00	23.00
Personal Services	347,751.27	460,936	396,993	257,206	654,199	397,977	257,483	655,460
Operating Expenses	1,596,802.00	1,869,669	1,566,651	675,067	2,241,718	1,596,210	489,194	2,085,404
Equipment	9,181.94	0	1,600	0	1,600	0	0	0
Total Agency Costs	\$1,953,735.21	\$2,330,605	\$1,965,244	\$932,273	\$2,897,517	\$1,994,187	\$746,677	\$2,740,864
General Fund	817,634.53	725,613	824,208	161,103	985,311	849,554	51,157	900,711
Federal Special Revenue Fund	1,136,100.68	1,604,992	1,141,036	771,170	1,912,206	1,144,633	695,520	1,840,153
Total Funding Costs	\$1,953,735.21	\$2,330,605	\$1,965,244	\$932,273	\$2,897,517	\$1,994,187	\$746,677	\$2,740,864

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) an increase in personal services of approximately \$50,000 because the Environmental Unit personnel were not on board for all of FY92; (b) an increase in travel of \$5,500 for environmental

personnel due to FY92 not reflecting a full year of operations; (c) an increase in travel for maintenance personnel of approximately \$3,200 to travel to facilities throughout the state; and (d) equipment authority to replace an existing personal computer.

**MODIFIED LEVEL SERVICES:** Environmental Compliance The executive recommends federal funding of \$39,216 in FY94 and \$39,242 in FY95 to fund 1.00 FTE and travel costs to audit and develop corrective action plans for environmental compliance. This was approved in FY93 by budget amendment.

year to employ sufficient personnel to maintain training areas for the Montana Army National Guard. This will conform with Guard Bureau standards on the number of personnel required for the number of buildings and acreage Montana utilizes for training purposes.

State Maintenance Backlog The executive recommends general fund of \$110,274 for FY94 and \$25,942 for FY95 to execute deferred maintenance and increase ongoing maintenance requirements of state facilities. The department supports 92 separate facilities totaling approximately 485,000 square feet.

M-1 Security The executive recommends \$400,000 of federal funding for each year of the 1995 biennium to provide for security contracts for tanks and helicopters throughout the state. This was approved in FY92 by budget amendment.

Service Agreement Backlog The executive recommends general fund of \$50,829 and federal funding of \$152,488 in FY94 and general fund of \$25,215 and federal funding of \$75,648 and 3.00 FTE each year to carry out deferred maintenance and increase ongoing maintenance requirements of buildings funded under this agreement. The department has 54 facilities totaling 265,000 square feet that would be impacted by this request.

M-COFT Utilities The executive recommends federal funds of \$33,000 in FY94 and \$34,000 in FY95 to pay for utility costs of mobile training simulators. They are moved to seven different areas of the state to train tank personnel. This was approved by budget amendment in FY92.

Training Site Funding The executive recommends federal funding of \$126,870 for FY94 and \$127,017 for FY95 and 5.00 FTE each

Utility Data Clerk The executive recommends federal funds of \$19,596 for FY94 and \$19,613 for FY95 and 1.00 FTE each year to comply with suggestions of the Guard Bureau to monitor utility usage for efficiency in our operations. This was approved by budget amendment in FY93.

6701-13 AIR NATIONAL GUARD PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	37.00	37.00	35.00	.00	35.00	.00
Personal Services	1,049,088.40	1,102,494	1,046,282	0	1,052,684	0
Operating Expenses	609,021.58	595,734	604,601	0	617,222	0
Equipment	4,792.00	0	0	0	0	0
Total Agency Costs	\$1,662,901.98	\$1,698,228	\$1,650,883	\$0	\$1,669,906	\$0
General Fund	189,418.30	180,092	184,568	0	187,935	0
Federal Special Revenue Fund	1,473,483.68	1,518,136	1,466,315	0	1,481,971	0
Total Funding Costs	\$1,662,901.98	\$1,698,228	\$1,650,883	\$0	\$1,669,906	\$0

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) elimination of 2.00 FTE fire fighters for 5% personal services reduction in federal funds of \$55,000 (Section 13, HB2); (b)

reduction of approximately \$21,000 in one-time expenditures; (c) reduction in contracted services of \$31,000; and (d) inflation in utility rates of \$28,055 and \$40,539.

6701-21 DISASTER COORDINATION RESPONSE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	13.00	13.00	11.00	.00	11.00	.00
Personal Services	410,808.27	402,364	389,752	0	390,701	0
Operating Expenses	77,798.40	80,638	86,264	0	76,805	0
Equipment	0.00	0	6,000	0	0	0
Total Agency Costs	\$488,606.67	\$483,002	\$482,016	\$0	\$467,506	\$0
General Fund	233,522.83	225,825	232,289	0	225,033	0
Federal Special Revenue Fund	255,083.84	257,177	249,727	0	242,473	0
Total Funding Costs	\$488,606.67	\$483,002	\$482,016	\$0	\$467,506	\$0

**CURRENT LEVEL SERVICES:** The significant change from FY92 to the 1995 biennium recommendation is the removal of 2.00 FTE and \$55,162 in both general and federal funds from the current

level request as part of the 5% personal services reductions (Section 13, HB2).

## 6701-24 EMERGENCY MGMT DEVELOPMENT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	9.00	9.00	9.00	.00	9.00	.00
Personal Services	264,564.58	271,539	290,091	0	290,091	0
Operating Expenses	66,529.39	69,170	56,713	0	56,713	0
Equipment	9,416.28	0	2,619	0	2,619	0
Total Agency Costs	\$340,510.25	\$340,709	\$349,423	\$0	\$349,423	\$0
Federal Special Revenue Fund	340,510.25	340,709	349,423	0	349,423	0
Total Funding Costs	\$340,510.25	\$340,709	\$349,423	\$0	\$349,423	\$0

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) a reduction of 0.75 FTE in FY95 due to a federal funding reduction; (b) a reduction in contracted services of \$12,000; and (c) equipment requests for replacement of a FAX machine and a copier.

## 6701-29 LOCAL REIMBURSEMENT-DES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Grants	527,166.37	656,000	600,000	0	600,000	0
Total Agency Costs	\$527,166.37	\$656,000	\$600,000	\$0	\$600,000	\$0
Federal Special Revenue Fund	527,166.37	656,000	600,000	0	600,000	0
Total Funding Costs	\$527,166.37	\$656,000	\$600,000	\$0	\$600,000	\$0

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include an

increase in expected revenue from the Federal Emergency Management Agency (FEMA) to pass through to the counties.



## 6701-31 VETERANS AFFAIRS PROGRAM


	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	18.75	19.75	18.75	.00	18.75	.00
Personal Services	469,569.99	473,971	505,197	0	505,197	0
Operating Expenses	71,643.06	164,928	93,617	0	93,617	0
Equipment	2,939.20	0	3,600	0	3,600	0
Capital Outlay	23,200.00	25,000	0	0	0	0
Total Agency Costs	\$567,352.25	\$663,899	\$602,414	\$0	\$593,250	\$0
General Fund	533,905.83	514,942	565,160	0	559,495	0
State Special Revenue Fund	11,549.54	41,169	37,254	0	33,755	0
Federal Special Revenue Fund	21,896.88	82,788	0	0	0	0
Capital Projects Fund	0.00	25,000	0	0	0	0
Total Funding Costs	\$567,352.25	\$663,899	\$602,414	\$0	\$593,250	\$0

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include: (a) increased travel for service officers and the program administrator to provide services to the veteran population and management

support; (b) increased rent for Bozeman and Butte offices; (c) increased funding for the cemetery at Fort Harrison from specialized license plate sales to veterans (state special revenue); and (d) a personal computer for the cemetery sexton.

## 6701-50 DISASTER FUND

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.10	.10	.00	.00	.00	.00
Personal Services	44,634.58	600	0	0	0	0
Operating Expenses	5,234.55	0	0	0	0	0
Local Assistance	261,163.46	0	0	0	0	0
Grants	0.00	369,766	0	0	0	0
Total Agency Costs	\$311,032.59	\$370,366	\$0	\$0	\$0	\$0
General Fund	311,032.59	370,366	0	0	0	0
Total Funding Costs	\$311,032.59	\$370,366	\$0	\$0	\$0	\$0

The Great Seal of the State of Montana is a circular emblem. The outer ring contains the text "THE GREAT SEAL OF THE STATE OF MONTANA" in a serif font. The inner circle depicts a landscape with a river, mountains, and a bison. A banner at the bottom of the inner circle reads "GREAT PLAINS".

# **HUMAN SERVICES**





## Department of Health &amp; Environmental Sciences

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	411.64	439.54	357.15	73.94	431.09	357.15	75.49	432.64
Personal Services	12,013,769.27	14,126,142	12,514,064	2,303,403	14,817,467	12,530,958	2,347,558	14,878,516
Operating Expenses	14,053,717.17	24,093,760	14,922,931	3,223,900	18,146,831	15,117,562	3,155,673	18,273,235
Equipment	331,549.81	611,458	372,567	691,700	1,064,267	251,064	67,365	318,429
Grants	11,066,728.84	11,741,010	14,434,123	0	14,434,123	16,355,510	0	16,355,510
Benefits and Claims	8,545,931.09	11,100.01	8,232,545	0	8,232,545	8,973,474	0	8,973,474
Total Agency Costs	\$46,011,696.18	\$61,672,471	\$50,476,230	\$6,219,003	\$56,695,233	\$53,228,568	\$5,570,596	\$58,799,164
General Fund	3,857,455.38	3,697,511	3,048,388	146,782	3,195,170	3,035,848	147,338	3,183,186
State Special Revenue Fund	11,305,285.55	17,774,489	8,770,760	2,522,126	11,292,886	8,949,887	1,967,655	10,917,542
Federal Special Revenue Fund	29,252,507.13	38,389,821	36,766,441	2,973,896	39,740,337	39,392,735	2,955,970	42,348,705
Proprietary Fund	1,596,448.12	1,810,650	1,890,641	576,199	2,466,840	1,850,098	499,633	2,349,731
Total Funding	\$46,011,696.18	\$61,672,471	\$50,476,230	\$6,219,003	\$56,695,233	\$53,228,568	\$5,570,596	\$58,799,164
Director's Office	754,084.21	704,707	761,370	124,860	886,230	760,113	124,881	884,994
Central Services	2,854,976.41	2,959,000	3,271,368	863,881	4,135,249	3,256,764	485,679	3,742,443
Environmental Sciences	5,833,550.02	6,386,560	4,471,771	759,272	5,231,043	4,468,406	541,802	5,010,208
Solid/hazardous Waste	6,277,926.01	13,221,598	8,154,793	1,329,756	9,484,549	8,268,873	1,321,196	9,590,069
Water Quality	3,644,904.27	6,360,319	5,963,206	1,488,103	7,451,309	5,887,962	1,437,941	7,325,903
Health Services/medical Fac	975,195.64	2,373,358	799,343	654,681	1,454,024	804,410	655,177	1,459,587
Family/mch Bureau	19,513,327.46	20,740,220	22,814,512	196,881	23,011,393	25,510,356	196,893	25,707,249
Preventive Health Bureau	1,728,102.41	1,861,977	1,799,273	727,736	2,527,009	1,844,055	732,890	2,576,945
Health Facilities Division	2,161,060.60	2,664,732	2,440,594	73,833	2,514,427	2,427,629	74,137	2,501,766
Petro Tank Release Comp Board	2,268,569.15	4,400,000	0	0	0	0	0	0
Total Program Costs	\$46,011,696.18	\$61,672,471	\$50,476,230	\$6,219,003	\$56,695,233	\$53,228,568	\$5,570,596	\$58,799,164

**MISSION STATEMENT:** To protect, promote and enhance public health and environmental quality for the benefit of all Montana citizens.

## POLICY INITIATIVE

Extend the current \$4.9 million general fund loan to the Natural Resource Damage Program and approve an additional \$2.6 million general fund loan for the 1995 biennium to continue the litigation process in preparation for trial or settlement.

*Charged with completing the assessment and lawsuit for the Upper Clark Fork River Basin*

The Natural Resource Damage Program (NRDP) is established to carry out the duties of the Governor as they relate to damages from the release of hazardous substances. The Governor is the trustee for the state's managed natural resources. A policy committee has been appointed to advise the Governor on natural resource issues, in particular relating to the state's natural resource damage claim against ARCO. The NRDP is charged with completing the assessment and lawsuit for the Upper Clark Fork River Basin. The NRDP also can pursue other natural resource damage claims across the state. The NRDP consists of 9.00 FTE.

The 1991 Legislature authorized a state special revenue biennial appropriation of approximately \$4.9 million to complete the above mentioned tasks.

*Completed in the spring of 1993*

A natural resource damage assessment includes determining which natural resources have been injured by the release of hazardous substances, quantification of these injuries, and valuing the injured resources in terms of restoration costs, lost use and non-use, market value, and other valuation techniques. The assessment for the Upper Clark Fork River Basin will be completed in the spring of 1993.

*Case could be settled by April of 1995, if court, 1997. HB12 will be introduced for this initiative*

The Department of Health and Environmental Sciences (DHES) anticipates that the case could be settled by April of 1995. If an out-of-court settlement is not reached, the suit may not be resolved until sometime in the 1997 biennium. This initiative is presented under the department's budget because the NRDP is administratively attached to DHES. Separate legislation (HB12) will be introduced for legislative consideration of this initiative.

Resource Indemnity Trust (RIT) Interest

DHES is statutorily allocated a total of 16% of the RIT interest: 12% for hazardous waste/CERCLA activities and 4% to address the release of hazardous wastes not listed on the federal priority

listing (state superfund), which is deposited to the Environmental Quality Protection Fund (EQPF). The following table shows anticipated revenues to and legislative appropriations from these two accounts receiving RIT interest in the 1993 and 1995 biennia.

**ANALYSIS OF DHES ACCOUNTS RECEIVING RIT INTEREST: 1993-1995 BIENNIUM**

	Hazardous Waste/CERCLA Account				Environmental Quality Protection Fund			
	FY92 Actual	FY93 Appropri	FY94 Requested	FY95 Requested	FY92 Actual	FY93 Appropriated	FY94 Requested	FY95 Requested
Projected Beginning Fund Balance	1,123,015	1,227,515	1,076,514	991,505	1,089,974	1,459,292	884,278	718,454
Total Anticipated Revenue	1,012,504	993,023	1,036,840	1,068,304	974,427	758,201	1,358,966	1,355,775
Disbursements:								
Solid & Hazardous Waste Bureau:		570,551						
State Superfund								
Env. Quality Protection Contingency								
Federal Superfund	25,991		23,889	23,889				
Hazardous waste	166,448		240,533	241,602	297,969	333,215	524,790	516,079
Underground storage tanks	56,193		54,167	54,167	307,140	1,000,000	1,000,000	1,000,000
Leaking undergrnd storage tanks	64,136		100,096	112,659				
Clark Fork Basin manager	0		49,880	49,892				
DSL abandoned mine liaison	0		40,000	40,000				
SHWB - 5% restoration	0		12,093	12,074				
Water Quality Bureau:		573,473						
Water quality management program	235,563		204,328	200,884				
Water pollution control program	85,383		85,386	85,386				
Groundwater program	119,703		140,312	139,574				
Safe drinking water program	154,587		171,165	171,164				
Total Disbursements	908,004	1,144,024	1,121,849	1,131,291	605,109	1,333,215	1,524,790	1,516,079
Ending Fund Balance:	1,227,515	1,076,514	991,505	928,518	1,459,292	884,278	718,454	558,150

**Notes:**

Revenue for EQPF FY93 includes estimated \$400,000 in cost recoveries from responsible third parties.  
Revenue for EQPF FY94-95 includes \$1,000,000 in cost recoveries from responsible third parties.



## Federal Block Grants

DHES receives two federal block grants: 1) the maternal and child health block grant; and 2) the preventive health block grant.

Actual FY92 expenditures and executive budget recommended allocations in the 1995 biennium are summarized in the table below.

### ALLOCATION OF FEDERAL BLOCK GRANTS: 1995 BIENNIUM

	FY92 Actual	FY94 Requested	FY95 Requested
Preventive Health Block Grant:			
Anticipated Federal Grant:	679,260	931,537	931,537
Public Health Lab Bureau	63,420	70,000	70,000
Health Services Division Administrator	14,616	18,238	18,307
Emergency Medical Services Bureau	188,693	205,691	207,308
Family Planning Program	205,000	205,000	205,000
Preventive Health Bureau Administration	89,361	100,175	100,595
Health Education & Disease Prevention	47,711	50,000	50,000
AIDS Program	14,590	15,000	15,000
Rape Crisis Program	11,968	17,218	17,907
Preventive Health Block Grant Increase	0	220,350	223,063
Total	635,359	901,672	907,180
Maternal and Child Health Block Grant			
Anticipated Federal Grant:	2,264,619	2,349,246	2,349,246
Medical/Dental Unit			
Public Health Lab Bureau	26,062	47,129	47,346
Health Services Division Administrator	33,424	75,000	75,000
MCH Bureau Administration	38,744	48,445	48,628
Family Planning Program	207,317	217,317	218,521
Children's Special Health	29,000	29,000	29,000
MCH Block Grant to Counties	836,010	916,983	954,438
Perinatal Program	682,623	689,090	689,090
Children's Special Health Program	167,085	164,883	165,547
Health Services Division Support	0	23,435	23,435
Enhanced Nursing Consultation	0	51,753	51,754
Preventive Health Bureau Administration	5,535	85,000	85,000
Immunization Program	101,851	0	0
Total	2,127,651	2,348,035	2,387,759

## 5301-01 DIRECTOR'S OFFICE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
					Total	Total
Full Time Equivalent Employees	14.00	14.00	12.00	3.00	15.00	15.00
Personal Services	518,884.76	518,195	531,844	95,673	627,517	629,365
Operating Expenses	235,199.45	186,512	222,982	29,187	252,169	253,829
Equipment	0.00	0	6,544	0	6,544	1,800
<b>Total Agency Costs</b>	<b>\$754,084.21</b>	<b>\$704,707</b>	<b>\$761,370</b>	<b>\$124,860</b>	<b>\$886,230</b>	<b>\$884,994</b>
General Fund	200,505.04	161,212	217,599	0	217,599	218,450
Federal Special Revenue Fund	72,861.74	47,336	47,234	0	47,234	47,435
Proprietary Fund	480,717.43	496,159	496,537	124,860	621,397	619,109
<b>Total Funding Costs</b>	<b>\$754,084.21</b>	<b>\$704,707</b>	<b>\$761,370</b>	<b>\$124,860</b>	<b>\$886,230</b>	<b>\$884,994</b>

**CURRENT LEVEL SERVICES** The Director's Office Program supports the director, deputy director, personnel and planning functions, the Board of Health, the department's legal unit, and the Medical/Dental Unit. General fund provides for the department director, the Board of Health, and approximately 55% of the Medical/Dental Unit.

FY92 expenditures include \$46,800 federal block grant carryover funds authorized by budget amendment. 2.00 FTE are reduced pursuant to Section 13 of HB2.

Recommended Bill Language:

"The total appropriation for the department includes \$901,672 in FY94 and \$907,180 in FY95 from the preventive health block grant. To the extent revenue from the grant exceeds these amounts, such excess is appropriated to the director's office to be used for identifiable needs at the discretion of the director of the department."

**MODIFIED LEVEL SERVICES:** Community Outreach The executive recommends \$64,999 and 1.00 FTE in FY94 and \$65,011 and 1.00 FTE in FY95 of proprietary funds to improve communication and coordination with local health agencies.

**Five Percent Personnel Reduction** The executive recommends the reinstatement of \$59,861 in FY94 and \$59,870 in FY95 and the corresponding 2.00 FTE eliminated from the current level base as required by HB2. Funding is from the Proprietary Fund.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod/Policy	Current Level	Mod/Policy
Full Time Equivalent Employees	65.38	64.50	64.50	12.45	64.50	14.00
Personal Services	1,770,764.20	2,031,638	1,941,945	360,427	1,944,866	403,346
Operating Expenses	1,012,802.71	908,162	1,317,079	112,957	1,302,898	76,708
Equipment	71,409.50	19,200	12,344	390,497	9,000	5,625
<b>Total Agency Costs</b>	<b>\$2,854,976.41</b>	<b>\$2,959,000</b>	<b>\$3,271,368</b>	<b>\$863,881</b>	<b>\$3,256,764</b>	<b>\$485,679</b>
General Fund	526,842.39	516,696	525,483	41,486	511,050	41,630
State Special Revenue Fund	1,156,885.77	1,056,938	1,250,478	359,056	1,288,836	57,297
Federal Special Revenue Fund	216,881.04	228,097	265,000	12,000	265,000	12,000
Proprietary Fund	954,367.21	1,157,269	1,230,407	451,339	1,191,878	374,752
<b>Total Funding Costs</b>	<b>\$2,854,976.41</b>	<b>\$2,959,000</b>	<b>\$3,271,368</b>	<b>\$863,881</b>	<b>\$3,256,764</b>	<b>\$485,679</b>
						<b>\$3,742,443</b>

**CURRENT LEVEL SERVICES** The Central Services Program includes departmental support services, data processing, the chemistry and public health laboratories, and records and statistics. General fund supports approximately 20% of the laboratory programs and nearly one half of Records and Statistics. General fund costs are held very near the FY92 level in FY94 and FY95.

Cost increases result from computer network charges - \$50,520 and \$60,480 in FY94 and FY95 respectively, laboratory supplies and equipment - \$104,313 and \$138,213 in FY94 and FY95 respectively, and legislative audit - \$55,284 in FY94. 3.00 FTE are reduced pursuant to section 13 of HB2. 3.00 FTE have been transferred to centralized services from the solid and hazardous waste bureau.

**MODIFIED LEVEL SERVICES:** Medical Technologist The executive recommends state special revenue funding of \$32,498 for 0.95 FTE in FY94 and \$34,233 for 1.00 FTE in FY95 to reinstate a full-time medical technologist in the Public Health Laboratory. This position will perform testing for diagnosis of tuberculosis and related mycobacterial diseases.

Laboratory Analysis Automation Providing a large volume of accurate, timely analyses has been a goal of the Chemistry Laboratory Bureau for many years. Recent advances in "Computer-Aided Chemistry" have been helpful in meeting that goal. The executive recommends \$53,500 of state special revenue funding in FY94 to purchase automated laboratory apparatus.

Additional FTE for Accounting Section This recommendation adds

1.00 FTE to the Support Services Bureau to process the increased volume of incoming fees and payments generated by greater reliability on fee funds. Funding is \$33,181 for FY94 and \$28,788 for FY95 from the proprietary fund.

Database Server The executive recommends funding from the proprietary fund of \$23,300 in FY94 and \$4,150 in FY95 to purchase necessary hardware and software to implement a database server. The server will service database applications key to department-wide operations (e.g. accounting related applications).

Laboratory Aide The executive recommends the addition of 1.00 FTE and state special revenue funding of \$23,058 in FY94 and \$23,064 in FY95. Increased regulations, accountability, fees, and



the need for comprehensive laboratory data as related to disease epidemiology demand that qualified data entry and data analysis personnel be used to generate needed information.

Network Software Upgrades This recommendation for proprietary fund of \$61,000 in FY94 and \$18,000 in FY95 will be used to update and maintain current, legal, licensing of network and application software on the file servers in the department.

ICP Replacement The executive recommendation of \$250,000 of state special revenue in FY94 will replace the department's Inductively Coupled Plasma Emission Spectrophotometer (ICP) purchased in 1980. This replacement ICP will meet the needs of environmental regulators and public water suppliers.

Staffing for Data Processing The executive recommends proprietary fund of \$110,075 and 2.50 FTE in FY94 and \$148,310 and 4.00 FTE in FY95 to adequately staff the data processing function. The current staff of the data processing function is unable to adequately perform its current functions and has had to decrease services to the operating functions of the department.

Social Security Administration (SSA) Contract This executive recommendation will provide federal special revenue funding of \$12,000 each year of the biennium to allow contracting with the SSA. The department will provide information to SSA from birth certificates filed with the state so that SSA can assign a social security number to the newborn and issue a social security card for the infant to the parents. The funds received by the department are to offset the costs of preparing the information for SSA and are to also be used to enhance the birth registration system in Montana.

File Server and Additional Staff This recommendation will add 4.00 FTE and Proprietary Fund of \$191,138 in FY94 and \$142,774 in FY95 to allow the department to comply with federal and state financial reporting requirements. The recommendation will also replace one old file server.

Five Percent Personnel Reduction The executive recommends reinstatement of \$74,131 in FY94 and \$74,360 in FY95 and the corresponding 3.00 FTE eliminated from the current level base as required by HB2.

## 5301-03 ENVIRONMENTAL SCIENCES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	55.53	63.53	45.03	9.50	54.53	45.03	9.50	54.53
Personal Services	1,684,862.11	1,856,417	1,685,607	316,541	2,002,148	1,687,545	316,587	2,004,132
Operating Expenses	3,520,048.57	3,998,574	2,055,123	217,511	2,272,634	2,061,008	183,875	2,244,883
Equipment	83,233.50	305,469	39,346	225,220	264,566	37,388	41,340	78,728
Grants	545,405.84	226,100	691,695	0	691,695	682,465	0	682,465
<b>Total Agency Costs</b>	<b>\$5,833,550.02</b>	<b>\$6,386,560</b>	<b>\$4,471,771</b>	<b>\$759,272</b>	<b>\$5,231,043</b>	<b>\$4,468,406</b>	<b>\$541,802</b>	<b>\$5,010,208</b>
General Fund	803,271.03	361,744	693,703	0	693,703	689,813	0	689,813
State Special Revenue Fund	3,712,504.78	4,479,177	2,462,752	720,193	3,182,945	2,572,537	502,718	3,075,255
Federal Special Revenue Fund	1,156,410.73	1,388,417	1,151,619	39,079	1,190,698	1,042,064	39,084	1,081,148
Proprietary Fund	161,363.48	157,222	163,697	0	163,697	163,992	0	163,992
<b>Total Funding Costs</b>	<b>\$5,833,550.02</b>	<b>\$6,386,560</b>	<b>\$4,471,771</b>	<b>\$759,272</b>	<b>\$5,231,043</b>	<b>\$4,468,406</b>	<b>\$541,802</b>	<b>\$5,010,208</b>

**CURRENT LEVEL SERVICES** Air Quality, Occupational Health, Food and Consumer Safety, the Environmental Quality Protection Fund, Environmental Impact Statements and Variances, and the Natural Resource Damage Assessment are included in this program. General fund is used to support a portion of the Air Quality, Occupational Health, Food and Consumer Safety and Variances. Proprietary funds support the division administration.

2.50 FTE are reduced pursuant to section 13 of HB2. The current level budget falls as budget amendments of \$167,944 and Natural Resource Damage Assessment costs of \$2,408,549 in FY92 are not continued into the 1995 Biennium. Continuation of the NRDA program will be requested in a separate bill. These reductions are partially offset by a \$700,000 increase in the budget for the Environmental Quality Protection Fund which establishes a contingency appropriation for this emergency response program at \$1 million. Increases in the Air Quality and Food and Consumer Safety Bureaus account for the remainder of the difference.

Consultant services are increased nearly \$100,000 in the Air Quality Bureau for development of air quality tracking and monitoring systems, evaluation of specific air pollutants, and

regional studies. Local air pollution control program grants are increased over \$40,000. These increases are primarily financed with increase revenue from air quality fees and federal funds. Payments to local boards of health are increased approximately \$105,000 over the FY92 level for local inspections. These are supported by licenses and permits. The increase brings these payments to the level appropriated by the 1991 Legislature.

The Occupational Health Bureau is reduced by \$70,000 general fund which is replaced by a like amount of state special revenue authority. The department will seek legislation authorizing the collection of fees to support inspection of radiological equipment.

Under a reorganization approved by the Governor, the Food and Consumer Safety Bureau was transferred from the Environmental Sciences Division to the Health Services Division in FY93. However, the budget is reflected in program 03 for purposes of the general appropriations act since FY92 expenditures were accounted for in this program. The budget for the Food and Consumer Safety Bureau will be administratively transferred to the Health Services Division at the beginning of FY94.

**MODIFIED LEVEL SERVICES:** Billings/Laurel Sulfur Dioxide SIP This recommendation adds 2.0 FTE and \$400,000 in FY94 and \$190,000 in FY95 of state special revenue to address a pending notice by the Environmental Protection Agency (EPA) that the State Implementation Plan (SIP) for sulfur dioxide (SO<sub>2</sub>) in the Billings/Laurel area is inadequate.

**X-Ray Inspections** The executive recommends state special revenue of \$121,322 in FY94 and \$127,185 in FY95 to provide 2.00 additional FTE and necessary support for the X-Ray inspection function of the Radiological Health Program. The reason for the modification is the need to improve the X-Ray inspection frequency which has eroded due to increased workload.

**AQB State Implementation Plan Coordinator** This recommendation would add 1.00 FTE and \$55,333 in FY94 and \$50,886 in FY95 of state special revenue. A coordinator would be added to the Air

#### 5301-04 SOLID/HAZARDOUS WASTE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	80.43	82.84	70.55	13.59	84.14	70.55	13.59	84.14
Personal Services	2,177,617.75	2,765,264	2,446,857	431,204	2,878,061	2,449,862	431,406	2,881,268
Operating Expenses	3,215,128.25	9,270,006	4,456,237	874,552	5,330,789	4,551,331	874,790	5,426,121
Equipment	33,854.34	117,324	87,259	24,000	111,259	85,822	15,000	100,822
Grants	851,325.67	1,069,004	1,164,440	0	1,164,440	1,181,858	0	1,181,858
Total Agency Costs	\$6,277,926.01	\$13,221,598	\$8,154,793	\$1,329,756	\$9,484,549	\$8,268,873	\$1,321,196	\$9,590,069
General Fund	164,452.36	176,863	146,447	8,253	154,700	147,111	8,255	155,366
State Special Revenue Fund	3,088,370.83	5,037,436	3,402,759	968,146	4,370,905	3,446,960	959,560	4,406,520
Federal Special Revenue Fund	3,025,102.82	8,007,299	4,605,587	353,357	4,958,944	4,674,802	353,381	5,028,183
Total Funding Costs	\$6,277,926.01	\$13,221,598	\$8,154,793	\$1,329,756	\$9,484,549	\$8,268,873	\$1,321,196	\$9,590,069

**CURRENT LEVEL SERVICES:** This program encompasses the state junk vehicle program, hazardous waste program, underground storage tank and leaking underground storage tank programs, federal and state superfund programs and the solid waste program.

General fund finances Solid Waste Management. The other activities of this program are financed with state special revenues from licenses, permit, fees, and RIT interest and federal funds.

Budget amendments account for approximately \$480,000 of FY92 actual expenditures.

4.84 FTE are reduced pursuant to section 13 of HB2. 3.00 FTE have been transferred to centralized services from the solid and hazardous waste bureau.

Quality Bureau, critical to updating and maintaining Montana's SIP, which has been declared deficient in a number of areas by EPA.

**AQB Compliance and Enforcement Staff** This recommendation adds 2.0 FTE and \$111,079 in FY94 and \$102,186 in FY95 of state special revenue to the AQB compliance and enforcement functions. As new federal requirements continue to be implemented pursuant to the 1990 Federal Clean Air Act Amendments, AQB must expand staff in the compliance and enforcement program.

**Five Percent Personnel Reduction** The executive recommends reinstatement of \$71,538 in FY94 and \$71,545 in FY95 and the corresponding 2.50 FTE eliminated from the current level base as required by HB2.



The major expenditure increases in this program are \$1.3 million in the federal Superfund and \$.6 million in the leaking underground storage tank portions. Consultant and professional services for investigation, assessment, remedial action planning and

implementation in the superfund program accounts for \$1.3 million of increased operating expenses. Grants to local governments rise by \$250,000 for implementation and inspections in the underground storage tank program.

**MODIFIED LEVEL SERVICES:** Clark Fork Basin Manager This recommended modification will fulfill state responsibilities at Clark Fork Basin Superfund sites. An Environmental Program Manager will coordinate and communicate with local governments and citizen groups in the Clark Fork Basin and all state agencies involved in issues pertaining to Superfund cleanups in the basin. The addition is 1.00 FTE and \$49,880 in FY94 and \$49,892 in FY95 of state special revenue.

DSL Abandoned Mine Liaison This recommended modification provides \$40,000 each year of the biennium in state special revenue. DHES will contract with Department of State Lands to provide a position which will coordinate the investigation and cleanup of abandoned mine sites in compliance with DSL and Superfund standards.

Tank Installer This recommended modification will add 1.00 FTE and \$51,615 in FY94 and \$51,616 in FY95 of state special revenue to meet the program's statutory requirement to review and issue permits for the installation, closure, modification and repair of underground storage tanks and piping. It is anticipated that program will issue in excess of 15,000 permits over the next six years.

State Superfund (CECRA) Program Expansion This executive recommendation will increase CECRA staff by 4.00 FTE and state special revenue by \$191,576 in FY94 and \$182,863 in FY95. The modification will allow DHES to mitigate and eliminate potential health and environmental impacts.

Superfund DOD SMOA This recommended modification will allow DHES to spend Department of Defense (DOD) funds for overseeing DOD Superfund activities in Montana. Funding is provided through a Defense Department/State Memorandum of Agreement (DSMOA). Funding is \$100,000 each year of the biennium from federal special revenue.

GIS ARCO ARCO provides funding to DHES for GIS and data management services relating to Superfund projects in the Clark Fork River Basin. DHES contracts with the State Library for GIS services and requires 1.75 FTE for management of the data base, contract, general management and interagency coordination. This recommended modification will fund 1.75 FTE at \$417,728 in FY94 and \$417,750 in FY95 from state special revenue.

Burlington Northern This modification recommends \$125,000 each year of the biennium from state special revenue to allow DHES to continue fulfilling its responsibility under the DHES and Burlington Northern Railroad (BNRR) Modified Partial Consent Decree. The decree requires DHES to oversee the remedial investigations, feasibility studies, and risk assessments, and to review and approve other reports and documents.

Five Percent Personnel Reduction The executive recommends reinstatement of \$153,957 in FY94 and \$154,075 in FY95 and the corresponding 4.84 FTE eliminated from the current level base as required by HB2.

# 5301-05 WATER QUALITY

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	64.39	67.42	60.75	14.00	74.75	60.75	14.00	74.75
Personal Services	1,947,651.68	2,400,515	2,282,813	444,026	2,726,839	2,285,394	444,138	2,729,532
Operating Expenses	1,509,668.01	3,595,357	3,077,007	1,000,877	4,077,884	3,079,702	992,003	4,071,705
Equipment	80,913.58	68,477	167,416	43,200	210,616	86,896	1,800	88,696
Grants	106,671.00	295,970	435,970	0	435,970	435,970	0	435,970
Total Agency Costs	<u>\$3,644,904.27</u>	<u>\$6,360,319</u>	<u>\$5,963,206</u>	<u>\$1,488,103</u>	<u>\$7,451,309</u>	<u>\$5,887,962</u>	<u>\$1,437,941</u>	<u>\$7,325,903</u>
General Fund	219,994.56	218,368	160,000	0	160,000	160,000	0	160,000
State Special Revenue Fund	857,783.45	1,406,512	1,534,801	325,105	1,859,906	1,514,088	298,377	1,812,465
Federal Special Revenue Fund	2,567,126.26	4,735,439	4,268,405	1,162,998	5,431,403	4,213,874	1,139,564	5,353,438
Total Funding Costs	<u>\$3,644,904.27</u>	<u>\$6,360,319</u>	<u>\$5,963,206</u>	<u>\$1,488,103</u>	<u>\$7,451,309</u>	<u>\$5,887,962</u>	<u>\$1,437,941</u>	<u>\$7,325,903</u>

**CURRENT LEVEL SERVICES** This program encompasses numerous water quality activities ranging from safe drinking water and subdivisions to groundwater and construction grants. Budget amendments account for \$235,584 of FY92 expenditures.

The executive budget recommends \$160,000 general fund per year for subdivision reviews to provide a core level of funding for this program. The department is directed to deposit the first \$160,000 in subdivision review fees to the general fund. Fees collected in excess of \$160,000 would be deposited to a state special revenue account. Currently, funding for the subdivision review program is 100% from the general fund and all fees collected are then deposited to the general fund. If the executive budget recommendation is accepted, a statutory change would be required to implement. The executive budget recommends approximately \$210,000 per year state special revenue authority, an increase of approximately \$150,000 in total funding over FY92 expenditures due to a projected increase in subdivision activity. Reimbursements to local governments for contracted subdivision reviews increases by \$90,000 per year, contracted services increase by \$30,000.

and personal services increase by \$20,000 due to FY92 vacancy savings.

State special funds increase over \$413,000 and federal funds increase over \$328,000 for safe drinking water activities. The state funds are RIT interest funds and public drinking water system fees. Consultant and professional contracts increase \$432,000 for technical assistance, sanitary surveys and assessments, performance evaluations of water treatment plants and contaminant evaluations. Reimbursements to counties for sanitary surveys, assessments, and sampling increase approximately \$100,000.

Federal funds for the non-point source water pollution control program increase \$1.1 million. Reauthorization of the Clean Water Act is anticipated to increase activity in this program. The funds are primarily used to contract with local agencies such as conservation districts for the implementation of control projects.

3.00 FTE are reduced pursuant to section 13 of HB2.



**MODIFIED LEVEL SERVICES:** Clean Lakes/Volunteer Monitoring The executive recommends 1.00 FTE for the biennium to begin a statewide lake protection and citizen volunteer monitoring program in Montana. Funding would be \$72,010 from state special revenue (local matching funds) and \$280,000 from federal special revenue in FY94 and \$57,116 from state special revenue and \$280,000 from federal special revenue for FY95.

Construction-Sludge This recommended modification would grant 0.50 FTE and \$35,626 in FY94 and \$33,626 in FY95 from federal special revenue funding to provide the bureau with resources to assist in the implementation of new federal regulations regarding the disposal of wastewater sludges and to provide technical assistance to communities in understanding and complying with new regulations.

Pollution Prevention This recommended modification will allow 0.50 FTE at \$35,626 in FY94 and \$33,625 in FY95 from federal special revenue to continue ongoing activities funded through a special federal grant. The grant will implement a long-term pollution prevention program aimed at reducing and eliminating sources of pollution at Montana wastewater treatment facilities.

Public Water Supply/Subdivision This recommended modification will provide 3.00 FTE funded at \$202,933 in FY94 and \$190,933 in FY95 from state special revenue (public water supply and subdivision review fees) to help the public water supply program address health issues related to new federal and state drinking

water regulations, and will help the subdivision program provide a timely review of subdivision applications that have doubled since 1990.

Water Pollution Control This recommended modification will provide the ability to address water pollution control. Funding will provide 3.00 FTE and \$202,393 in FY94 and \$190,390 in FY95 from federal special revenue.

Nonpoint Source/Wetlands This recommended modification would add 2.00 FTE to the Nonpoint Source/Wetlands Program to accommodate significant workload increases associated with expanding water pollution control responsibilities. Funding would be \$482,452 in FY94 and \$481,180 in FY95 from federal special revenue.

Stormwater Program/Surface Water Permits This recommended modification will provide 1.50 FTE and \$107,259 in FY94 and \$101,260 in FY95 from federal special revenue. Staff will maintain primacy for the Montana Pollutant Discharge Elimination System (MPDES) Storm Water Program delegated to Montana under the Clean Water Act and the Montana Water Quality Act.

Five Percent Personnel Reduction The executive recommends reinstatement of \$69,804 in FY94 and \$69,811 in FY95 and the corresponding 2.50 FTE eliminated from the current level base as required by HB2.



## 5301-06 HEALTH SERVICES/MEDICAL FAC

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	17.05	28.75	11.32	5.90	11.32	5.90
Personal Services	486,366.99	877,166	430,580	173,375	430,972	173,809
Operating Expenses	478,420.65	1,025,836	363,963	478,806	367,638	478,868
Equipment	10,408.00	9,306	4,800	2,500	5,800	2,500
Grants	0.00	461,050	0	0	0	0
Total Agency Costs	\$975,195.64	\$2,373,358	\$799,343	\$654,681	\$804,410	\$655,177
						\$1,459,587
General Fund	500,152.49	864,660	480,394	85,281	483,592	85,690
State Special Revenue Fund	48,294.80	691,174	46,575	149,626	46,575	149,703
Federal Special Revenue Fund	426,748.35	817,524	272,374	419,774	274,243	419,784
Total Funding Costs	\$975,195.64	\$2,373,358	\$799,343	\$654,681	\$804,410	\$655,177
						\$1,459,587

**CURRENT LEVEL SERVICES** Emergency medical services and health services division administration functions of this program are maintained at approximately the FY92 level. The health planning function consisting of 2.75 FTE was deleted in response to the HB2 requirement for personal services reductions. It is requested for reinstatement in a modified. Budget amendment expenditures of \$190,967 were made in FY92.

The former Licensing and Certification Bureau (previously under the Health Services Division) is now the Health Facilities Division. 0.65 FTE related to the administrator's position for the Health Services Division, previously budgeted in program 09 is transferred to program 06.

**MODIFIED LEVEL SERVICES:** Robert Wood Johnson The Robert Wood Johnson Foundation has awarded funding for the design of an interagency center for health information, statistics and policy. This recommended modification would provide 2.00 FTE and \$149,626 in FY94 and \$149,703 in FY from state special revenue.

Trauma Registry Data compiled in the Trauma Registry is used to plan and implement improvements in caring for injured patients. This recommended modification would provide 1.00 FTE and \$134,561 in FY94 and \$134,568 in FY95 from federal special revenue.

Trauma Care Planning Federal funding of \$171,337 in each of FY94 and FY95 has been awarded to DHES for development of a

Montana State Trauma Plan through the Emergency Medical Services Bureau. This recommended modification would provide funding from federal special revenue.

Primary Care Grant This recommended modification would provide federal special revenue of \$113,876 in FY94 and \$113,879 in FY95 and .15 FTE to plan, develop, maintain and evaluate activities which promote and facilitate the delivery of primary health care services for Montanans.

Five Percent Personnel Reduction The executive recommends reinstatement of \$85,281 in FY94 and \$85,690 in FY95 general fund and the corresponding 2.75 FTE eliminated from the current level base as required by HB2.

# 5301-07 FAMILY/MCH BUREAU

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	27.43	28.50	26.50	5.00	26.50	5.00
Personal Services	841,952.12	860,839	907,016	154,324	908,909	154,370
Operating Expenses	2,153,702.08	2,685,943	1,543,861	42,557	1,584,373	42,523
Equipment	6,290.00	0	6,290	0	6,290	0
Grants	9,551,358.33	9,676,918	12,124,800	0	14,037,310	0
Benefits and Claims	6,960,024.93	7,516,520	8,232,545	0	8,973,474	0
Total Agency Costs	\$19,513,327.46	\$20,740,220	\$22,814,512	\$196,881	\$25,510,356	\$196,893
						\$25,707,249
General Fund	797,410.65	813,382	216,454	0	216,454	0
State Special Revenue Fund	138,639.00	637,378	0	0	0	0
Federal Special Revenue Fund	18,577,277.81	19,289,460	22,598,058	196,881	25,293,902	196,893
Total Funding Costs	\$19,513,327.46	\$20,740,220	\$22,814,512	\$196,881	\$25,510,356	\$196,893
						\$25,707,249

**CURRENT LEVEL SERVICES** This program encompasses WIC and Child Care food activities, family planning, perinatal, MIAIMI project, and children's special health care activities, and the Maternal and Child Health block grant distributions to counties.

Budget amendment expenditures in FY92 were in excess of \$1.4 million. Significant increases in the 1995 biennium occur in the federally funded Child Care Food Program and WIC food program. Anticipated grants to community programs in the Child Care Food Program rise from the FY92 base level by \$2.65 million in FY94 and \$4.41 million in FY95. WIC Program food benefits are

anticipated to rise \$1.5 million in FY94 and \$2.2 million in FY95 from the FY92 level. The general fund in the Family Planning program is reduced by \$50,000 and replaced by an anticipated increase in federal Title 10 grant funds.

Recommended Bill Language:

"The total appropriation for the department includes \$2,348,035 in FY94 and \$2,387,759 in FY95 from the maternal and child health block grant. To the extent revenue from the grant exceeds these amounts, such excess is appropriated for distribution to the counties, based on identifiable needs."

**MODIFIED LEVEL SERVICES:** Children's Special Health This recommended modification provides 1.00 FTE and \$23,435 each year of the biennium from federal special revenue to support the Children's Special Health Services Program. This program, formerly Handicapped Children's Services, is a program for children with special health care needs, as authorized by Title V, the Maternal and Child Health Block Grant.

education program specifically targeting low income women, their infants and children. This recommended modification provides 1.00 FTE and \$36,693 in FY94 and \$36,704 in FY95 from federal special revenue to maintain the WIC statewide management information system.

Health Services Division Support Plan development and reporting requirements of the Title V, Maternal and Child Health Block Grant, the Preventive Health and Health Services Block Grant and the

WIC Information Specialist WIC is a federally-funded nutrition



**federal special revenue for consultation to rural health departments, public health nurses, school nurses and other agencies around the state. Nursing consultation will be in the areas of health education, program planning, service delivery and technical assistance.**

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	22.78	21.50	21.50	8.50	30.00	21.50	8.50	30.00
Personal Services	648,656.79	693,424	710,822	254,000	964,822	712,249	254,072	966,321
Operating Expenses	1,067,477.62	1,151,402	1,057,233	467,453	1,524,686	1,110,399	477,718	1,588,117
Equipment	0.00	5,183	14,000	6,283	20,283	3,500	1,100	4,600
Grants	11,968.00	11,968	17,218	0	17,218	17,907	0	17,907
<b>Total Agency Costs</b>	<b>\$1,728,102.41</b>	<b>\$1,861,977</b>	<b>\$1,799,273</b>	<b>\$727,736</b>	<b>\$2,527,009</b>	<b>\$1,844,055</b>	<b>\$732,890</b>	<b>\$2,576,945</b>
General Fund	194,558.55	95,036	92,878	0	92,878	93,321	0	93,321
State Special Revenue Fund	34,237.77	65,874	73,395	0	73,395	80,891	0	80,891
Federal Special Revenue Fund	1,499,306.09	1,701,067	1,633,000	727,736	2,360,736	1,669,843	732,890	2,402,733
<b>Total Funding Costs</b>	<b>\$1,728,102.41</b>	<b>\$1,861,977</b>	<b>\$1,799,273</b>	<b>\$727,736</b>	<b>\$2,527,009</b>	<b>\$1,844,055</b>	<b>\$732,890</b>	<b>\$2,576,945</b>

**Hepatitis:** This recommended modification provides \$122,528 in each year of the biennium for Universal Hepatitis B prevention and control, including some nursing support for local health departments, purchase of vaccine and public education. Federal special revenue will fund the project, and no FTE are included.

**Preventive Health Block Increase** An increase in Preventive Health Services Block Grant funds can be used for 3.00 FTE, grant funds to counties for start-up public health projects, and tuberculosis prevention and preventive TB therapy. This recommended modification will provide funding at \$220,350 in FY94 and \$223,063 in FY95 from federal special revenue.

Perinatal Hepatitis This recommended modification provides \$44,423 in FY94 and \$44,433 in FY95 to fund 1.00 FTE to perform Perinatal Hepatitis B prevention activities. These activities will include surveillance, follow-up and vaccine distribution.



## 5301-09 HEALTH FACILITIES DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	47.65	51.50	45.00	2.00	47.00	2.00
Personal Services	1,522,911.65	1,616,208	1,576,580	73,833	1,650,413	74,137
Operating Expenses	606,894.63	998,675	829,446	0	829,446	0
Equipment	31,254.32	49,849	34,568	0	34,568	0
Total Agency Costs	\$2,161,060.60	\$2,664,732	\$2,440,594	\$73,833	\$2,514,427	\$74,137
General Fund	450,268.31	489,550	515,430	11,762	527,192	11,763
Federal Special Revenue Fund	1,710,792.29	2,175,182	1,925,164	62,071	1,987,235	62,374
Total Funding Costs	\$2,161,060.60	\$2,664,732	\$2,440,594	\$73,833	\$2,514,427	\$74,137

**MODIFIED LEVEL SERVICES: Five Percent Personnel Reduction**  
The executive recommends reinstatement of \$73,833 in FY94 and \$74,137 in FY95 and the corresponding 2.00 FTE eliminated from the current level base as required by HB2.

## 5301-11 PETRO TANK RELEASE COMP BOARD

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	17.00	17.00	.00	.00	.00	.00
Personal Services	414,101.22	506,476	0	0	0	0
Operating Expenses	254,375.20	273,293	0	0	0	0
Equipment	14,186.57	36,650	0	0	0	0
Benefits and Claims	1,585,906.16	3,583,581	0	0	0	0
Total Agency Costs	\$2,268,569.15	\$4,400,000	\$0	\$0	\$0	\$0
State Special Revenue Fund	2,268,569.15	4,400,000	0	0	0	0
Total Funding Costs	\$2,268,569.15	\$4,400,000	\$0	\$0	\$0	\$0

**CURRENT LEVEL SERVICES** The Petroleum Tank Release Compensation Board is attached to the DHES for administrative purposes. The board provides a financial assurance mechanism, as required under the federal Superfund Amendment and Reauthorization Act of 1986, to assure the cleanup of petroleum-based products which leak from storage tanks.

Appropriation authority for costs and claims payments is provided by statute and is, therefore, not included in HB2. Funding is from a .75 cent tax per gallon of gasoline distributed within the state. If the balance in the petroleum tank release fund falls below \$4 million, a 1 cent per gallon tax is collected. When the balance rises above \$8 million, no tax is collected.

# Department of Labor & Industry

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	680.75	670.43	609.75	40.35	650.10	609.75	40.35	650.10
Personal Services	18,992,370.55	19,584,099	18,742,818	1,149,001	19,891,819	18,767,872	1,150,939	19,918,811
Operating Expenses	8,537,911.31	8,468,085	9,162,227	176,880	9,339,107	9,109,732	176,848	9,286,580
Equipment	1,087,220.13	597,105	501,320	66,600	567,920	441,073	5,567	446,640
Grants	14,014,178.85	16,928,668	12,156,795	0	12,156,795	12,156,795	0	12,156,795
Benefits and Claims	1,367,899.12	1,394,028	1,628,827	0	1,628,827	1,769,827	0	1,769,827
Transfers	496,237.40	0	0	0	0	0	0	0
Total Agency Costs	\$44,495,817.36	\$46,971,985	\$42,191,987	\$1,392,481	\$43,584,468	\$42,245,299	\$1,333,354	\$43,578,653
General Fund	867,967.01	710,126	1,098,801	90,412	1,189,213	1,070,365	88,046	1,158,411
State Special Revenue Fund	2,957,116.77	3,972,620	6,458,860	379,621	6,838,481	6,439,090	317,439	6,756,529
Federal Special Revenue Fund	36,365,968.11	37,864,589	29,665,642	852,627	30,518,269	29,681,158	855,507	30,536,665
Proprietary Fund	4,304,765.47	4,424,650	4,968,684	69,821	5,038,505	5,054,686	72,362	5,127,048
Total Funding	\$44,495,817.36	\$46,971,985	\$42,191,987	\$1,392,481	\$43,584,468	\$42,245,299	\$1,333,354	\$43,578,653
Job Service Division	14,572,862.05	13,964,852	13,334,822	506,522	13,841,344	13,308,525	507,351	13,815,876
Unemployment Insurance	4,222,757.13	4,120,859	4,406,069	161,558	4,567,627	4,444,934	161,798	4,606,732
Commissioner's Office	2,827,836.88	2,892,817	3,133,121	55,334	3,188,455	3,062,132	55,375	3,117,507
Employment Relations	3,953,863.69	4,197,890	4,380,478	92,193	4,472,671	4,505,583	94,820	4,600,403
Legal Services Division	858,682.86	900,932	985,354	52,427	1,037,781	987,427	53,949	1,041,376
Research, Safety And Training	2,818,270.44	3,011,170	2,879,440	384,035	3,263,475	2,883,868	322,015	3,205,883
Human Rights Commission	506,808.55	515,487	503,363	140,412	643,775	503,143	138,046	641,189
Workers Compensation Judge	358,189.38	381,724	418,545	0	418,545	398,892	0	398,892
Job Training Grants	14,376,546.38	16,986,254	12,150,795	0	12,150,795	12,150,795	0	12,150,795
Total Program Costs	\$44,495,817.36	\$46,971,985	\$42,191,987	\$1,392,481	\$43,584,468	\$42,245,299	\$1,333,354	\$43,578,653

**MISSION STATEMENT:** To promote the well-being and opportunities of Montana's workers and employers and to uphold the rights and responsibilities of both.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	351.33	345.35	305.35	17.50	305.35	17.50
Personal Services	9,811,127.81	9,930,631	9,193,412	498,472	9,691,884	499,491
Operating Expenses	3,917,919.53	3,597,298	3,981,040	8,050	3,989,090	7,860
Equipment	819,814.71	405,258	154,370	0	154,370	0
Grants	24,000.00	31,665	6,000	0	6,000	0
Total Agency Costs	\$14,572,862.05	\$13,964,852	\$13,334,822	\$506,522	\$13,841,344	\$507,351
General Fund	107,468.65	0	135,920	0	135,920	0
State Special Revenue Fund	0.00	756,812	1,824,381	0	1,824,381	0
Federal Special Revenue Fund	14,465,393.40	13,208,040	11,374,521	506,522	11,881,043	507,351
Total Funding Costs	\$14,572,862.05	\$13,964,852	\$13,334,822	\$506,522	\$13,841,344	\$507,351

**CURRENT LEVEL SERVICES:** Personal services net change is due to 16.50 FTE reduced per Section 13 of HB2, vacancy rate and total impact of FY93 pay plan for a net increase of \$281,998.

Operating expenses reflect fixed costs increase of \$372,000 and the federal Department of Labor shift of the cost of postage to

states resulting in increases of \$100,000 in FY94 and \$130,000 in FY95. An additional cost is related to the replacement of the IBM 8100 system resulting in more direct line charges and staff training for \$238,000 computer system related increases.

**MODIFIED LEVEL SERVICES:** Jobs for Montana Graduates Due to the increased participation in the Jobs for Montana Graduates Program, (JMG), the executive recommends general fund to provide one JMG program manager. FY94 is \$38,544; FY95 is \$38,376.

5% Personal Services Reductions It is requested that 16.85 FTE who are employment services managers and specialists be restored

with federal funds of \$467,979 in FY94 and \$468,635 in FY95. Loss would mean 1,084 fewer individuals placed by the Montana Job Service; 334 fewer job development contacts made on behalf of specific individuals and 632 fewer employer contacts made because of this reduction in staff. The JTPA Program would be impacted in that fewer individuals would be served and trained for Montana jobs.



Unemployment insurance administration account revenues and balances should be appropriated only for programs that are directly administered by the Department of Labor and Industry.

**Legislation to clarify UI admin account uses**

The 1995 biennium budget restores general fund to all of the programs which were affected by prior actions and are not directly administered by the Department of Labor and Industry (DOLI). In addition, the DOLI will be requesting legislation to clarify definitions and management of the account.

Specifically, the recommended budget for the Displaced Homemakers Program includes \$216,000 general fund each year; Jobs for Montana Graduates, \$135,000 each year; and Project Work Programs, \$92,000 each year. These changes reflect the proposed legislation associated with this policy initiative.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	105.70	98.90	93.65	5.25	98.90	98.90
Personal Services	2,651,766.76	2,712,914	2,653,190	137,558	2,790,748	2,797,273
Operating Expenses	1,465,717.25	1,343,702	1,658,354	24,000	1,682,354	1,723,894
Equipment	105,273.12	64,243	94,525	0	94,525	85,565
<b>Total Agency Costs</b>	<b>\$4,222,757.13</b>	<b>\$4,120,859</b>	<b>\$4,406,069</b>	<b>\$161,558</b>	<b>\$4,567,627</b>	<b>\$4,606,732</b>
Federal Special Revenue Fund	4,222,757.13	4,120,859	4,406,069	161,558	4,567,627	4,606,732
<b>Total Funding Costs</b>	<b>\$4,222,757.13</b>	<b>\$4,120,859</b>	<b>\$4,406,069</b>	<b>\$161,558</b>	<b>\$4,567,627</b>	<b>\$4,606,732</b>

The Federal Department of Labor is shifting the cost of postage to the states which increases postage costs to this program of \$194,000 FY94 and \$262,000 FY95.

auditor, program manager, and secretary for a federal savings of \$137,558 FY94 and \$137,798 FY95. These positions: 1) increased unemployment insurance tax collections, which assist in decreases to the Montana tax rate schedule; 2) recoup \$100,000 in delinquent overpayment debt although the cost is only \$55,000 in doing so; 3) provide services to unemployed claimants and employers throughout the year and during peak workloads.

**MODIFIED LEVEL SERVICES:** Voice Response Communication This touch tone telephone system, once in place, will enable unemployment insurance customers to utilize the telephone to file their weekly continued claims, to obtain information about employers rates and benefit claims. Cost reductions will be in printing and form-processing charges; and peak workload times would not require temporary staff. FY94 cost is \$24,000; FY95 is \$24,000.

5% Personal Services Reduction Reductions of 5.25 FTE resulting from Section 13 of HB2 are collection/accounting technicians,

#### 6602-03 COMMISSIONER'S OFFICE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	63.50	64.50	61.50	2.00	63.50	63.50
Personal Services	1,874,821.69	2,025,240	2,038,803	55,334	2,094,137	2,099,591
Operating Expenses	892,260.17	848,470	1,027,584	0	1,027,584	973,824
Equipment	60,755.02	19,107	66,734	0	66,734	44,092
Total Agency Costs	<u>\$2,827,836.88</u>	<u>\$2,892,817</u>	<u>\$3,133,121</u>	<u>\$55,334</u>	<u>\$3,188,455</u>	<u>\$3,117,507</u>
Federal Special Revenue Fund	8,454.96	0	0	0	0	0
Proprietary Fund	<u>2,819,381.92</u>	<u>2,892,817</u>	<u>3,133,121</u>	<u>55,334</u>	<u>3,188,455</u>	<u>3,117,507</u>
Total Funding Costs	<u>\$2,827,836.88</u>	<u>\$2,892,817</u>	<u>\$3,133,121</u>	<u>\$55,334</u>	<u>\$3,188,455</u>	<u>\$3,117,507</u>

**CURRENT LEVEL SERVICES:** Personal services 3.00 FTE reduction per Section 13, HB2, offset by total impact of FY93 pay plan and vacancy savings in FY92 reflects a net increase of \$149,305.

Primary reasons for \$90,000 of increases in operating expenses are increased fixed costs for insurance, audit fees and rent.

**MODIFIED LEVEL SERVICES:** 5% Personal Services Reduction Reductions resulting from Section 13 of HB2 are 2.00 FTE in the Word Processing Unit and in the Office of Information Services for a non-general fund savings of \$55,334 FY94 and \$55,375 FY95.

The loss of a word processing operator will cause a delay in products/services from the word processing unit to all department divisions. One less Information Specialist will eliminate computer programming projects that would promote efficiency, accuracy and effectiveness within the whole department.

# 6602-04 EMPLOYMENT RELATIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	61.91	64.76	57.25	3.30	60.55	57.25	3.30	60.55
Personal Services	1,667,049.56	1,813,289	1,731,221	82,193	1,813,414	1,734,823	82,320	1,817,143
Operating Expenses	891,507.01	973,414	933,410	10,000	943,410	913,913	12,500	926,413
Equipment	27,408.00	17,159	87,020	0	87,020	87,020	0	87,020
Benefits and Claims	1,367,899.12	1,394,028	1,628,827	0	1,628,827	1,769,827	0	1,769,827
Total Agency Costs	\$3,953,863.69	\$4,197,890	\$4,380,478	\$92,193	\$4,472,671	\$4,505,583	\$94,820	\$4,600,403
General Fund	417,147.04	380,857	348,118	0	348,118	319,589	0	319,589
State Special Revenue Fund	1,537,775.01	1,688,614	1,647,223	76,083	1,723,306	1,646,565	76,214	1,722,779
Federal Special Revenue Fund	652,689.23	739,325	633,742	1,623	635,365	631,043	1,619	632,662
Proprietary Fund	1,346,252.41	1,389,094	1,751,395	14,487	1,765,882	1,908,386	16,987	1,925,373
Total Funding Costs	\$3,953,863.69	\$4,197,890	\$4,380,478	\$92,193	\$4,472,671	\$4,505,583	\$94,820	\$4,600,403

**CURRENT LEVEL SERVICES:** Operating expenses increase \$22,000 due to fixed costs of rent and printing information for the public on workers' compensation and wage & hour regulations and

laws. Microfilming of the uninsured employer files results in an increase of \$21,000 in the 1995 biennium.

**MODIFIED LEVEL SERVICES:** 5% Personal Services Reductions Reduction resulting from Section 13 of HB2 are 3.50 FTE program assistant, administrative officer, mediator, and clerk for a non-general fund savings of \$82,193 FY94 and \$82,320 FY95. File management and processing tasks, timely tracking and management of the budget, and mediating workers' compensation issues are the particular functions of these identified positions.

Without these positions, the timeliness and thoroughness of meeting statutory requirements are questionable.

Subsequent Injury Fund Actuarial Study This actuarial study is necessary to determine the solvency of the subsequent injury fund. The budget is based on actual bids received in FY94 of \$10,000 and \$12,500 in FY95 to accommodate an in-state visit from the actuary.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	18.00	18.00	17.50	1.50	17.50	1.50
Personal Services	589,012.03	626,399	651,543	46,039	652,706	46,109
Operating Expenses	263,755.08	268,949	321,344	6,388	322,254	4,373
Equipment	5,915.75	5,584	12,467	0	12,467	3,467
Total Agency Costs	\$858,682.86	\$900,932	\$985,354	\$52,427	\$987,427	\$53,949
State Special Revenue Fund	245,225.87	262,629	290,977	0	286,857	0
Federal Special Revenue Fund	474,325.85	495,564	610,209	52,427	616,402	53,949
Proprietary Fund	139,131.14	142,739	84,168	0	84,168	0
Total Funding Costs	\$858,682.86	\$900,932	\$985,354	\$52,427	\$987,427	\$53,949
			\$1,037,781		\$1,041,376	

**CURRENT LEVEL SERVICES:** Personal services changes reflect a reduction of 0.50 FTE per Section 13 HB2 and an offset of the FY93 pay plan for an net increase of \$44,790.

Contracted services increases \$17,000 each year due to workloads and conflicts in interest additional costs. The flow through of fixed costs from the department's cost allocation plan increases approximately \$26,000 each year.

**MODIFIED LEVEL SERVICES:** UI Hearings Officer The executive recommends federal funding of \$36,882 in FY94 and \$38,356 in FY95 for a hearings officer for unemployment insurance benefit hearings and to assist the entire hearings unit in meeting federal time and performance requirements.

5% Personal Services Reductions Reduction resulting from Section 13 HB2 of 0.50 FTE hearings officer would decrease federal special revenue by \$15,545 in FY94 and \$15,593 in FY95. This staff reduction would result in backlogs of UI benefit determinations. This type of delay produces antagonistic claimants and employers.

## 6602-07 RESEARCH, SAFETY AND TRAINING

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	61.00	60.00	56.50	7.80	64.30	56.50	7.80	64.30
Personal Services	1,783,023.12	1,831,146	1,820,268	241,802	2,062,070	1,822,396	242,182	2,064,578
Operating Expenses	864,542.92	993,570	985,268	79,833	1,065,101	985,413	79,833	1,065,246
Equipment	60,834.53	76,454	73,904	62,400	136,304	76,059	0	76,059
Grants	109,869.87	110,000	0	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$2,818,270.44</b>	<b>\$3,011,170</b>	<b>\$2,879,440</b>	<b>\$384,035</b>	<b>\$3,263,475</b>	<b>\$2,883,868</b>	<b>\$322,015</b>	<b>\$3,205,883</b>
State Special Revenue Fund	815,926.51	828,945	811,339	303,538	1,114,877	816,000	241,225	1,057,225
Federal Special Revenue Fund	2,002,343.93	2,182,225	2,068,101	80,497	2,148,598	2,067,868	80,790	2,148,658
<b>Total Funding Costs</b>	<b>\$2,818,270.44</b>	<b>\$3,011,170</b>	<b>\$2,879,440</b>	<b>\$384,035</b>	<b>\$3,263,475</b>	<b>\$2,883,868</b>	<b>\$322,015</b>	<b>\$3,205,883</b>

**CURRENT LEVEL SERVICES:** Personal services increases \$65,561 due to impact of FY93 pay plan and additional funding to convert from compensatory time to overtime for all time worked over 40 hours.

The federal Department of Labor is shifting the cost of postage to the states which is increasing program costs approximately \$63,000 per year.

**MODIFIED LEVEL SERVICES:** Safety and Loss Control The executive recommends an emphasis on assisting private targeted employers to maintain a safer work place at a cost of \$262,679 FY94 and \$200,366 FY95. Workers' compensation regulation funds will provide for 3.00 FTE safety consultants and 1.00 FTE industrial hygienist to travel the state and provide services to 200 firms with poor accident and injury histories, as well as assist in the mandatory work place inspections. FY94 costs are higher due to the cost of purchasing four vehicles, two computers, and safety equipment, all of which will be used for a number of years.

**5% Personal Services Reductions** Reductions resulting from Section 13 HB2 are 3.80 FTE safety/health specialist, statistics positions, and an administrative assistant for a non-general fund savings of \$121,356 in FY94 and \$121,649 in FY95. Without these positions, Montana's mining industry would not receive safety/health training; statistical information for workers' compensation would be unavailable; the setting of prevailing wage rates for construction, service and maintenance workers would be delayed for as much as 1 1/2 years; and management support would be lost.

## 6602-08 HUMAN RIGHTS COMMISSION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	11.31	10.92	10.00	3.00	10.00	3.00
Personal Services	354,128.10	365,865	342,210	87,603	429,813	87,664
Operating Expenses	150,000.45	145,922	154,853	48,609	203,462	48,282
Equipment	2,680.00	3,700	6,300	4,200	10,500	2,100
<b>Total Agency Costs</b>	<b>\$506,808.55</b>	<b>\$515,487</b>	<b>\$503,363</b>	<b>\$140,412</b>	<b>\$643,775</b>	<b>\$138,046</b>
General Fund	326,597.96	329,269	398,763	90,412	489,175	88,046
Federal Special Revenue Fund	180,210.59	186,218	104,600	50,000	154,600	50,000
<b>Total Funding Costs</b>	<b>\$506,808.55</b>	<b>\$515,487</b>	<b>\$503,363</b>	<b>\$140,412</b>	<b>\$643,775</b>	<b>\$138,046</b>

**CURRENT LEVEL SERVICES:** Personal services increase of \$50,822 is due to the full impact of the FY93 pay plan and fully funding personal services.

Operating expenses increase \$10,314 for contracts with the Dept. of Justice and Montana Legal Services to deal with housing discrimination suits.

**MODIFIED LEVEL SERVICES:** Additional FTE Support The executive recommends adding 2.50 FTE investigators, 0.50 FTE clerical support, and converting the present intake position to a management information position, resulting in a net increase of

2.00 FTE investigators. The added FTE would increase the number of cases closed per year from 400 to 550. General fund cost is \$90,412 in FY94 and \$88,046 in FY95.



# 6602-09 WORKERS COMPENSATION JUDGE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	8.00	8.00	8.00	.00	8.00	.00
Personal Services	261,441.48	278,615	312,171	0	295,131	0
Operating Expenses	92,208.90	97,509	100,374	0	100,761	0
Equipment	4,539.00	5,600	6,000	0	3,000	0
Total Agency Costs	<u>\$358,189.38</u>	<u>\$381,724</u>	<u>\$418,545</u>	<u>\$0</u>	<u>\$398,892</u>	<u>\$0</u>
State Special Revenue Fund	358,189.38	381,724	418,545	0	398,892	0
Total Funding Costs	<u>\$358,189.38</u>	<u>\$381,724</u>	<u>\$418,545</u>	<u>\$0</u>	<u>\$398,892</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** Personal services increase of \$50,487 is due to FY93 pay plan, special pay rate for the judge, and termination pay request for law clerks who routinely work for one year and then leave to pursue their legal profession.

Operating expenses increase \$4,894 in contracts primarily for court reporter and hearing examiners when the judge must be excused from the case.

# 6602-50 JOB TRAINING GRANTS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	0.00	199,251	0	0	0	0
Grants	13,880,308.98	16,787,003	12,150,795	0	12,150,795	0
Transfers	496,237.40	0	0	0	0	0
Total Agency Costs	<u>\$14,376,546.38</u>	<u>\$16,986,254</u>	<u>\$12,150,795</u>	<u>\$0</u>	<u>\$12,150,795</u>	<u>\$0</u>
General Fund	16,753.36	0	216,000	0	216,000	0
State Special Revenue Fund	0.00	53,896	1,466,395	0	1,466,395	0
Federal Special Revenue Fund	14,359,793.02	16,932,358	10,468,400	0	10,468,400	0
Total Funding Costs	<u>\$14,376,546.38</u>	<u>\$16,986,254</u>	<u>\$12,150,795</u>	<u>\$0</u>	<u>\$12,150,795</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** Changes in grants reflect a reduction of \$1,166,495 due to reductions in the Job Training Partnership Act Program and a \$216,000 funding switch in the Displaced Homemaker Program from unemployment insurance administrative

tax funds to general fund. The \$5,075 balance is Project Work Program (PWP) which is transferred to the Department of SRS budget for contract purposes.

# Department of Social & Rehabilitation Services

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	910.90	918.15	859.83	61.57	921.40	859.83	61.57	921.40
Personal Services	25,042,669.10	25,283,176	26,104,055	1,483,000	27,587,055	26,166,313	1,485,089	27,651,402
Operating Expenses	19,080,389.72	21,126,643	22,566,101	742,875	23,308,976	22,947,482	852,908	23,800,390
Equipment	244,560.11	388,365	388,622	25,110	413,732	376,693	21,110	397,803
Local Assistance	10,542.23	35,000	11,000	0	11,000	11,000	0	11,000
Grants	19,308.46	16,000	19,000	745,042	764,042	19,000	745,042	764,042
Benefits and Claims	345,326,170.62	364,740,938	435,103,389	-6,900	435,096,489	471,177,930	-737,059	470,440,871
Transfers	2,897,749.79	3,322,844	2,337,644	157,349	2,494,993	2,332,414	157,349	2,489,763
Debt Service	8,076.60	0	8,077	0	8,077	8,077	0	8,077
Total Agency Costs	\$392,629,466.63	\$414,912,966	\$486,537,888	\$3,146,476	\$489,684,364	\$523,038,909	\$2,524,439	\$525,563,348
General Fund	98,301,423.24	101,064,168	124,475,075	-2,270,678	122,204,397	135,772,711	-2,336,092	133,436,619
State Special Revenue Fund	14,322,187.92	15,824,009	16,269,089	219,858	16,488,947	16,678,038	31,542	16,709,580
Federal Special Revenue Fund	280,005,855.47	298,024,789	345,793,724	5,197,296	350,991,020	370,588,160	4,828,989	375,417,149
Total Funding	\$392,629,466.63	\$414,912,966	\$486,537,888	\$3,146,476	\$489,684,364	\$523,038,909	\$2,524,439	\$525,563,348
Family Assistance	69,723,903.43	73,893,551	77,560,780	5,412,588	82,973,368	78,976,488	5,962,863	84,939,351
Eligibility Determination Pgm	5,215,642.65	5,428,306	5,289,914	407,110	5,697,024	5,305,359	407,680	5,713,039
Administrative & Support Svs	2,877,042.48	2,623,112	3,083,108	32,028	3,115,136	2,951,916	32,055	2,983,971
Child Support Enforcement	4,445,484.91	6,386,692	6,339,945	206,913	6,546,858	6,752,056	210,697	6,962,753
State Assumed County Admin.	6,192,331.06	6,232,686	6,448,502	267,255	6,715,757	6,474,718	267,532	6,742,250
Medicaid Services	251,626,597.07	261,525,068	326,252,950	-4,480,635	321,772,315	361,017,043	-5,489,142	355,527,901
Audit And Pro. Compliance Div.	1,564,982.43	1,536,564	1,661,703	0	1,661,703	1,666,616	0	1,666,616
Office Of Mgmt, Analy & Syst	8,039,354.94	8,248,960	8,699,794	16,608	8,716,402	8,610,364	166,525	8,776,889
Vocational Rehabilitation Pgm	8,561,112.64	9,308,659	8,706,401	1,094,065	9,800,466	8,714,025	775,516	9,489,541
Disability Determination Pgm	2,844,899.88	3,066,721	3,098,778	146,814	3,245,592	3,169,764	146,948	3,316,712
Visual Services Prgm	1,381,774.10	1,354,859	1,393,138	43,730	1,436,868	1,391,146	43,765	1,434,911
Developmental Disab Program	29,765,722.38	34,950,933	37,582,400	0	37,582,400	37,588,939	0	37,588,939
Develope Disab, Advis Council	390,618.66	356,855	420,475	0	420,475	420,475	0	420,475
Total Program Costs	\$392,629,466.63	\$414,912,966	\$486,537,888	\$3,146,476	\$489,684,364	\$523,038,909	\$2,524,439	\$525,563,348

**MISSION STATEMENT:** "Working Together to Empower Montanans" through administration of a broad range of human service programs to increase self-sufficiency, independence and dignity for those individuals requiring assistance.

## POLICY INITIATIVE

General Assistance welfare payments should not be restricted to a permanent cash benefit at the same level as Aid to Families with Dependent Children.

*The state GA in 12 state-assumed-counties provides benefits the same as AFDC. Clients are primarily single individuals*

*Montana residents paid \$25.75 for welfare compared to a national average of \$24.56*

*In FY92, 30% of GA from out of state; 17% were in Montana less than one month. More individuals will be moving to Montana to take advantage*

*Reduce payments*

*General fund savings: \$520,000 each year*

The state-operated General Assistance (GA) Program, currently operating in the 12 state-assumed-welfare counties, provides benefit payments in the same amount as the Aid to Families with Dependent Children (AFDC) Program. GA clients are primarily single individuals, two-thirds of whom are male and in the 36-55 age group. AFDC clients are low-income families with children and a single parent or two unemployed parents.

Montana residents paid \$25.75 per every \$1,000 of personal income for state and local costs of welfare benefits, compared to a national average of \$24.56 in FY90, and the costs continue to increase (States in Profile, U.S. Data on Demand, Inc. and State Policy Research, Inc., 1992).

In FY92, 30% of GA applicants were from out of state and had lived in Montana less than a year; 17% were in Montana less than one month when they applied. As other Western states reduce their benefits, more individuals will be moving to Montana to take advantage of our benefits. This is a burden Montana taxpayers can not afford.

This initiative would reduce benefit payments for GA from the current 40.5% of the federal poverty index to 32% of that index. The approximate reduction would be from a current monthly benefit of \$210.41 to \$163.33 for a single client.

The general fund savings from this initiative are estimated to be \$520,000 each year of the 1995 biennium.



## POLICY INITIATIVE

Health Care for Montanans should be expanded with nine recommendations to continue improving access to health care, developing cost controls and ensuring quality health care planning.

### *Health Care for Montanans: nine proposals to improve health care now*

The Health Care for Montanans initiative represents a set of nine proposals designed to improve access to health care, initiate cost controls and facilitate continued planning in the health care area. The goal of the initiative is to improve health care now and not wait for federal action. Many, more extensive proposals for reform cannot be implemented because of federal limitations. The nine recommendations and projected costs are as follows:

#### *Reform health insurance*

##### *Address physician liability*

(1) Legislation to reform health insurance specifically to include provisions guaranteeing the availability and renewability of small group insurance products, allow employees to take their insurance with them if they change jobs, placement of limits on premium rate variations (community rating), define a basic benefit plan which must be made available to all small employers and develop a reinsurance pool to address high-risk groups. Representatives of the small group insurance industry and agency staff currently are discussing ways of financing the small business reinsurance pool; therefore, no cost estimate is included for this reform.

#### *Board of Regents to make training a priority*

##### *Policy Initiative D - MUS*

(2) Recommended legislation to address physician liability includes caps on non-economic damages, changes in the evidentiary standards and requirements for liability carrier reporting. No state funds are needed for this step.

#### *Inclusion of fiber optic construction in Treasure State Endowment to allow rural health care provider access*

##### *Policy Initiative - DOA*

(3) Recommend to the Board of Regents that it make the training of Health Care professionals a priority within recommended funding levels. (See Policy Initiative D under the Montana University System.)

(4) Inclusion of fiber optic construction costs as eligible for funding as an infra-structure in the Treasure State Endowment or other infra-structure initiatives. It is estimated by SRS that \$3 million in new funds are needed to install lines from hospitals and post-secondary institutions to existing or planned fiber optic capacity. This capacity would allow rural health care providers to access information and assistance in Montana's major medical centers. (See Policy Initiative under the Department of Administration Information Services Division, Telecommunications Program.)

#### *Health promotion and disease prevention*

5) Health promotion and disease prevention activities would be undertaken. This proposal does not require legislation. No additional state funds are needed as this step would be provided by coordination and redirection of current efforts.

*Health care trust for coverage to all children at or below the federal poverty level. 1995 biennium cost \$2.85 million*

*Medicaid rate increase for inpatient hospital services 1995 biennium cost \$2.73 million*

*Continue development of the family practice residency program 1995 biennium cost \$200,000*

*Establish a Montana Health Care Commission Cost \$50,000 in FY94 \$1,000,000 in FY95*

*Funding from a 0.75% tax on the gross receipts of Montana's hospitals. The 20 smallest hospitals and medical assistance facilities exempt from tax*

6) Establishment of a health care trust program. The trust would provide funding for an expansion of medical insurance coverage to all children at or below the federal poverty level. This would be achieved by combining Medicaid funds, premiums and revenue from the hospital tax to purchase coverage equivalent to Medicaid health coverage for this group. The 1995 biennium cost of this program in state funds is \$2.85 million and federal funds is \$6.03 million for a total of \$8.88 million. The annual cost for years after 1995 will approximate \$9 million.

(7) Provide a Medicaid rate increase for inpatient hospital services. A contracted study of hospital Medicaid reimbursement indicates a rate increase is necessary to comply with federal law. The additional cost of this initiative over and above the normal caseload driven increase for the 1995 biennium in state funds is \$2.73 million and federal funds is \$8.17 million for a total of \$10.90 million.

(8) Provide funds to assist in continued development of the family practice residency program. The purpose of this program is to increase the number of family physicians practicing in rural Montana. The annual cost for the 1995 biennium is \$200,000 in state funds.

9) Establish a Montana Health Care Commission. This gubernatorial appointed commission of nine members would be responsible for the following activities: state health planning, extending access to health care, development of a health care database, exploring health insurance reform, and promotion of public health and wellness. The Commission would allocate block grants to state health planning regions and pursue a statewide electronic claims processing system. The cost in state funds for this program is estimated to be \$50,000 in FY94 and \$1,000,000 in FY95. The cost in federal funds is \$150,000 in FY94 and nothing in FY95.

Total estimated costs of the Health Care for Montanans initiative is \$5,985,144 (\$1,605,826 in state funds) for FY94 and \$15,741,809 (\$5,561,735 in state funds) for FY95.

The funding for the Health Care for Montanans initiative would come from a 0.75% (three quarters of one percent) tax on the gross receipts of Montana's hospitals. The recommended tax would be structured such that the 20 smallest hospitals and the three medical assistance facilities in the state would be exempt from the tax. SRS has estimated the revenue from this tax to be approximately \$2.6 million in FY94 and \$5.7 million in FY95.



## POLICY INITIATIVE

Consolidate provision of all day care services under SRS, except for DFS child protective day care services.

*Day care programs currently in SRS and DFS*

Day care programs currently are operating in two separate agencies: the Department of Social and Rehabilitation Services (SRS) and the Department of Family Services (DFS). Current law gives primacy in day care to DFS. Since day care is primarily a service to custodial parents, this initiative would transfer control of the program to SRS where it properly belongs.

*Day care provided by the state aimed at assisting away from welfare or avoid becoming welfare clients*

The various day care services which are provided by the state are aimed at assisting low-income adults who have children to transition away from welfare or at assisting low-income adults who have children to avoid becoming welfare clients. These services should therefore be planned, coordinated and operated by the SRS, which is the state agency responsible for administration of welfare programs.

*SRS would operate day care for JOBS, AFDC transition, AFDC training, etc.*

This initiative will transfer statewide planning, rule making authority, coordination and administration of most day care benefits and payments to SRS. This agency would operate day care programs for JOBS, AFDC transition, AFDC training, at-risk, block grant funds, provision of contracted resource and referral services, and any other day care service related to removal from or avoidance of welfare.

*Child Protective Services Program day care remain in DFS*

Licensing of providers and provision of benefits relating to Child Protective Services Program day care would remain in DFS.

*Legislation required  
No cost for initiative*

Legislation will be required to make SRS the state day care agency. There is no cost associated with this initiative. Funding for some programs would move from the DFS budget to the SRS budget. If the legislation progresses, the general appropriations act (HB2) would be adjusted before adoption to transfer 1.00 FTE day care administrator from DFS to SRS.



## POLICY INITIATIVE

Adjust the nursing home utilization fee to comply with new federal regulations; utilize revenue from the fee for a 1.5% rate increase in Medicaid nursing home services.

***1991 Legislature adopted  
utilization fee on 70%  
of bed days  
Current revenue \$3.2 million***

HB93, passed by the 1991 Legislature, adopted a utilization fee on nursing home facilities for each bed day reimbursed by third-party payors. Approximately 70% of bed days are estimated to be reimbursed by third-party payors. In FY93 this fee was \$2 per bed day. The funds generated by this fee were placed in the general fund and used as a portion of the state share of the Medicaid Program during the 1993 biennium. Estimated fee revenue for FY93 bed days under current law is approximately \$3.2 million.

***Federal regulations mandate  
all bed days***

Federal regulations adopted subsequent to the initiation of the state fee allow funding of state Medicaid with user fees only if the fee is comprehensive and broad based. Therefore, legislation must be adopted to extend the current \$2 fee to all bed days in nursing facilities.

***Result in revenue increase  
of \$1 million per year and  
compliance***

This adjustment to bed days covered by the fee will result in a revenue increase of approximately \$1 million per year and bring the state into compliance with federal regulations related to provider fees. Failure of the proposed legislation would cause the federal government to disallow the state share of Medicaid paid with the fee revenue. This fee revenue matches approximately \$7.8 million in federal funds.

***At least 24 other states  
have similar fees***

At least 24 other states have adopted similar fees, many of which are significantly higher than Montana's. It's good business to generate state funds which federal regulations stipulate can be used to bring in additional federal funds to help pay for a critically-needed service such as nursing homes. Montana's ability to provide state funding for the ever-increasing costs of Medicaid services and federal mandates would be impaired without continuation of the nursing home utilization fee.

***State funding for increasing  
costs of Medicaid impaired  
without fee***

It is recommended that, contingent upon passage of the proposed corrective legislation, a 1.5% provider rate increase be adopted for Medicaid nursing home services each year of the 1995 biennium. The increased revenue from the broad-based fee would provide adequate funding for the state share of this provider rate increase.

***Contingent upon passage 1.5%  
more for Medicaid nursing  
home services***

6901-01 FAMILY ASSISTANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	38.00	37.25	35.75	.00	35.75	35.75
Personal Services	1,290,179.94	1,235,888	1,300,881	0	1,304,363	1,304,363
Operating Expenses	2,231,714.72	2,109,250	2,306,740	261,984	2,568,724	2,556,622
Equipment	43,960.88	74,695	52,738	21,110	73,848	73,848
Grants	0.00	0	0	745,042	745,042	745,042
Benefits and Claims	65,472.872.09	69,304,910	72,985,993	4,227,103	74,410,596	79,187,699
Transfers	685,175.80	1,168,808	914,428	157,349	1,071,777	1,071,777
<b>Total Agency Costs</b>	<b>\$69,723,903.43</b>	<b>\$73,893,551</b>	<b>\$77,560,780</b>	<b>\$5,412,588</b>	<b>\$82,973,368</b>	<b>\$84,939,351</b>
General Fund	17,450,368.35	17,986,253	20,097,776	1,546	20,099,322	20,721,784
State Special Revenue Fund	835,331.58	947,456	934,855	170,000	1,104,855	1,123,354
Federal Special Revenue Fund	51,438,203.50	54,959,842	56,528,149	5,241,042	61,769,191	63,094,213
<b>Total Funding Costs</b>	<b>\$69,723,903.43</b>	<b>\$73,893,551</b>	<b>\$77,560,780</b>	<b>\$5,412,588</b>	<b>\$82,973,368</b>	<b>\$84,939,351</b>

**CURRENT LEVEL SERVICES:** Administrative staff are reduced by 2.25 FTE, \$76,421 (\$19,625 general fund) in FY94 and \$76,483 (\$19,641 general fund) in FY95 in response to the 5% personal service reduction required in HB2. Major increases to the operations budget from the FY92 base include (a) \$67,000 of federal match for training eligibility workers, (b) \$54,000 of federal funds for contracts with Indian reservations to determine eligibility and to distribute commodities, and (c) \$15,000 for redesign of eligibility manuals. These increases are partially offset by reductions of \$119,000 for food stamp storage and the legal service contract which is recommended at the FY93 Special Session II level of \$50,000 each year. The recommended equipment budget is \$25,000 less than the three-year average; it reflects one piece of major equipment replacement per year for the commodity warehouse and miscellaneous equipment replacement. The total recommended benefit level increases over the FY92 base. As the table below illustrates, AFDC, General Assistance, Community Services Block Grant (CSBG), LIEAP, JOBS and JOB Search account for this increase. Included in the table are transfers related to JOBS and PWP.

The AFDC recommendation includes a projected caseload increase of 3% in FY94 and an additional 2% in FY95. The current level average payment is held steady at the FY93 expected amount.

The following table provides a history of AFDC caseloads and payments.

**Average AFDC Caseloads and Payments  
FY81 Actual to 1995 Biennium Estimated**

Fiscal Year	Average Caseload	Average Payment
FY81	7,085	\$222.90
FY82	6,119	251.36
FY83	6,312	295.90
FY84	7,118	305.97
FY85	7,622	311.74
FY86	8,671	326.10
FY87	9,320	328.63
FY88	9,627	331.73
FY89	9,361	333.00
FY90	9,550	332.50
FY91	9,937	341.58
FY92	10,696	351.05
FY93	11,465	355.00
FY94	11,808	355.00
FY95	12,044	355.00

Emergency AFDC is recommended at the FY92 actual amount.

Day care funding increases above FY92 due to caseload increases of approximately 10% per year in transitional AFDC and JOBS and the inclusion of the FY93 rate increase.

General Assistance (GA) caseloads are not projected to increase above the FY93 expected level due to action of the July 1992 special session and the current level payment is held steady at the expected FY93 level. The table on the following page provides GA history.

Assistance Payments Table					
Benefit Expenditure Request by Fund					
FY92 Actual to FY94 & FY95 Recommended					
Benefit	FY92 Actual	Recommended FY94		Recommended FY95	
		General Fund	Total Funds	General Fund	Total Funds
AFDC	44,890,434	13,651,985	50,302,080	14,191,639	51,307,444
AFDC-Emerg.	250,753	116,079	250,753	116,079	250,753
Day Care	2,750,494	866,748	3,039,861	953,399	3,231,860
General Asst.	2,591,046	3,103,127	3,103,127	3,103,127	3,103,127
GA Non-Res.	94,086	50,000	50,000	50,000	50,000
GA Burials	230,351	190,000	190,000	190,000	190,000
CSBG	1,622,942	1,737,628	1,737,628		
Weatherizatn.	2,171,916	2,116,675	2,116,675		
LIEAP	6,491,318	8,412,366	8,639,606		
PWP	623,418	342,752	657,526	342,752	657,526
JOB Search	250,330	16,750	301,558	16,750	301,558
JOBS	3,181,627	859,236	3,446,847	870,966	3,446,847
Homeless/Emer Shelter	199,316	292,000	292,000		



Community Services Block Grant (CSBG) and weatherization federal revenues are budgeted at the expected federal grant amounts.

Low Income Energy Assistance Program (LIEAP) recommended budget levels increase due to increases in the federal grant level. A portion of FY94 LIEAP funds (10% of the 1st quarter of SFY94) is transferred to the Developmental Disabilities program as has been done in the past. Effective October 1, 1993, this transfer will no longer be allowed by federal law. LIEAP is 100% federally funded.

The JOBS request reflects the FY93 contract obligation level which is greater than the FY92 base. JOBS is having an impact particularly on the unemployed parent caseload, which declined from 958 cases in September 1991 to 946 cases in September 1992. All other caseloads increased 7% over the same time period.

Job search is recommended at the expected FY93 actual level. PWP includes a general fund increase of \$91,285 in both years which reflects the replacement of UI Administration tax matching funds which had previously be appropriated in the Department of Labor and Industry.

Homeless shelter grants increase to the expected level of federal grant revenue in FY94-95.

#### Average GA Caseloads and Payments FY84 Actual to 1995 Biennium Estimated

<u>Fiscal Year</u>	<u>Average Caseload</u>	<u>Average Payment</u>
FY84	1,206	140.92
FY85	1,704	207.65
FY86	1,929	210.11
FY87	1,844	212.59
FY88	1,846	207.86
FY89	1,860	211.43
FY90	1,227	210.86
FY91	748	238.42
FY92	945	246.52
FY93	1,229	210.41
FY94	1,229	210.41
FY95	1,229	210.41

Non-resident GA and GA burials are budgeted at the estimated FY93 amounts.

**MODIFIED LEVEL SERVICES:** Local Match IV-F (JOBS) Federal funds of \$1.1 million in FY94 and \$1.65 million in FY95 are available for the JOBS program above the amount currently matched by general fund. Local funding solicited by SRS would provide the necessary match for the federal funds.

Food Stamp Outreach The recommitment of \$157,349 per year in federal funds continues a budget amendment for food stamp outreach. The department contracts with the Governor's Council on Aging through local areas on aging. The non-federal match is provided by the Department of Family Services.

AFDC Day Care At-Risk Expansion Federal funds of \$1,006,774 per year are available for a day care program focused on working families at-risk of welfare dependency. The department proposes to obtain the \$170,000 non-federal match from local entities and

review with the Department of Family Services the ability to utilize this match rate on some child protective services day care.

GRA/State Medical Package - GRA Cost \$522,142 in general fund and \$176,427 in federal revenues for a total of \$698,569 each year is recommended for the following program changes: (a) \$352,854 each year funded on a 50-50 match basis for self-sufficiency programs to provide employment and training for those general assistance recipients who have been determined "employable with substantial barriers," (b) \$120,000 for chemical dependency counselling services to be provided at ten of the 12 Project Work Program sites, (c) \$225,715 general fund each year for medical supportive services for Project Work Program and self-sufficiency program participants. With only catastrophic services available from State Medical, these individuals are unable to receive eyeglasses, orthopedic appliances or other medical services necessary to eliminate barriers to employment.

#### 6901-03 ELIGIBILITY DETERMINATION PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	198.80	200.80	184.55	16.25	200.80	200.80
Personal Services	5,100,717.86	5,250,383	5,174,540	371,398	5,545,938	5,558,835
Operating Expenses	114,924.79	175,888	115,374	35,712	151,086	154,204
Equipment	0.00	2,035	0	0	0	0
Total Agency Costs	\$5,215,642.65	\$5,428,306	\$5,289,914	\$407,110	\$5,697,024	\$5,713,039
State Special Revenue Fund	2,665,227.91	2,823,043	2,704,189	207,909	2,912,098	2,921,806
Federal Special Revenue Fund	2,550,414.74	2,605,263	2,585,725	199,201	2,784,926	2,791,233
Total Funding Costs	\$5,215,642.65	\$5,428,306	\$5,289,914	\$407,110	\$5,697,024	\$5,713,039

**CURRENT LEVEL SERVICES:** As required by HB2, personal services includes a reduction of 10.25 FTE and approximately

\$236,000 annually. All other expenditure areas are in line with FY92 actual expenditure levels.





**MODIFIED LEVEL SERVICES:** Five Percent Personnel Reduction  
The executive recommends reinstatement of 1.00 FTE at a cost of \$32,028 (\$11,562 general fund) in FY94 and \$32,055 (\$11,572

general fund) in FY95 which was eliminated from the current level base as required by HB2.

# 6901-05 CHILD SUPPORT ENFORCEMENT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	115.25	116.00	108.83	20.42	108.83	20.42
Personal Services	2,990,729.19	3,028,674	3,166,963	439,772	3,606,735	440,564
Operating Expenses	1,425,195.87	3,214,689	3,109,082	-232,859	2,876,223	-229,867
Equipment	19,017.62	108,329	52,900	0	52,900	0
Local Assistance	10,542.23	35,000	11,000	0	11,000	0
<b>Total Agency Costs</b>	<b>\$4,445,484.91</b>	<b>\$6,386,692</b>	<b>\$6,339,945</b>	<b>\$206,913</b>	<b>\$6,546,858</b>	<b>\$210,697</b>
State Special Revenue Fund	1,443,216.66	2,123,424	2,109,730	70,350	2,180,080	71,638
Federal Special Revenue Fund	3,002,268.25	4,263,268	4,230,215	136,563	4,366,778	139,059
<b>Total Funding Costs</b>	<b>\$4,445,484.91</b>	<b>\$6,386,692</b>	<b>\$6,339,945</b>	<b>\$206,913</b>	<b>\$6,546,858</b>	<b>\$210,697</b>
					<b>\$6,752,056</b>	<b>\$6,962,753</b>

**CURRENT LEVEL SERVICES:** Personal services are reduced by approximately \$161,000 per year and the corresponding 6.42 FTE as required by HB2. Funding for personal services is 34% child support enforcement state special revenue and 66% federal revenue.

Operations increase significantly as a result of unanticipated and unavoidable expenses, a 30% caseload increase projected into next biennium which directly affects certain expenditure areas, and actions taken by the July 1992 Special Session. Reductions in operating costs occur in the current level FY92 base related to computer processing, network services and system development which have been moved to the SEARCHS activity in the office of management analysis and budget program for FY94 and FY95.

Unanticipated and Unavoidable Expenses: (a) Over \$9,000 per year is added for verification of birth certificate information. Prior to FY93 this service was provided free of charge by the Department of Health and Environmental Sciences. (b) Postage costs increase \$80,000 each year to meet new federal regulations for increased monthly communications with the absent and custodial parent.

Increases Related to Caseload: (a) Agency legal services for

hearings and paternity establishment activities - \$23,645 in FY94 and \$32,579 in FY95, (b) private sector hearings officers for increasing administrative hearings - \$41,400 per year, (c) contracted clerical assistance - \$66,500 per year, (d) LEXIS, an on-line legal data base - \$8,754 in FY94 and \$9,192 in FY95, (e) in-created office space for contracted clerical staff - \$37,463 each year and (f) paternity blood tests - \$27,534 in FY94 and \$64,144 in FY95.

Special Session II Actions: Four program initiatives, originally intended for action by the 53rd Legislative Session, were approved and funded in the July 1992 Special Session and are carried forward into FY94 and FY95: (a) \$1.2 million in FY94 and \$1.45 million in FY95 will employ a private contractor(s) to assist in serving the ballooning caseload; (b) an enforcement contract(s) to address the problem of self-employed obligors is included at a cost of \$232,688 in FY94 and \$240,178 in FY95; (c) a contract to locate "difficult to find" obligors is included at \$179,904 in FY94 and \$194,904 in FY95; and (d) funding for a public relations campaign is included at \$15,600 in FY94 and \$76,983 in FY95.

Equipment costs are less than the three-year average and would purchase copiers and training equipment for the regional offices, software upgrades, and computer work stations.

**MODIFIED LEVEL SERVICES:** Five Percent Personnel Reduction  
The executive recommends reinstatement of \$160,923 in FY94 and \$161,457 in FY95 and the corresponding 6.42 FTE eliminated from the current level base as required by HB2. Funding is 34% state special revenue and 66% federal revenue.

Administrative Support The 1991 Legislature approved additional resources by allowing the CSED to contract for additional staff with the private sector. The program has had difficulty attracting and retaining qualified contracted workers. Constant turnover and re-training wastes both money and time. The purpose of this modification is to add 14.00 FTE. A reduction in contracted services of approximately \$279,000 each year would offset the increasing salary and benefit costs. The result will be less turnover, more reliability, increased cost-effectiveness and no increased costs.

Communication Charges This modification includes the cost of new telephone equipment, lines, and long-distance service needed for a Voice Response Unit (VRU) at \$45,990 in FY94 and \$49,240 in FY95. Approximately 50% or more of the calls received by the CSED are for information which could be provided without human interface while saving \$28,000 a year. Use of a VRU also would eliminate additional postage costs of \$36,990 in FY94 and \$38,070 in FY95 to comply with a new federal regulations requiring CSED to notify AFDC custodial families monthly of the amount of any collections received during the year. A VRU giving each family 24 hour "on-demand" access to collection information would substitute for the required mailings.

#### 6901-06 STATE ASSUMED COUNTY ADMIN.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	203.10	208.60	192.10	11.00	203.10	192.10	11.00	203.10
Personal Services	5,166,079.53	5,135,739	5,405,876	267,255	5,673,131	5,418,602	267,532	5,686,134
Operating Expenses	1,012,918.72	1,080,928	1,010,926	0	1,010,926	1,024,416	0	1,024,416
Equipment	13,332.81	16,019	31,700	0	31,700	31,700	0	31,700
Total Agency Costs	\$6,192,331.06	\$6,232,686	\$6,448,502	\$267,255	\$6,715,757	\$6,474,718	\$267,532	\$6,742,250
General Fund	3,161,245.20	3,173,166	3,288,671	133,788	3,422,459	3,302,044	133,926	3,435,970
Federal Special Revenue Fund	3,031,085.86	3,059,520	3,159,831	133,467	3,293,298	3,172,674	133,606	3,306,280
Total Funding Costs	\$6,192,331.06	\$6,232,686	\$6,448,502	\$267,255	\$6,715,757	\$6,474,718	\$267,532	\$6,742,250

**CURRENT LEVEL SERVICES:** Personal services shows a reduction of 11.00 FTE and approximately \$265,000 each year as required by HB2. The operations budget combines increases in rent and postage which are offset by decreases in contracted services to

maintain the FY92 expenditure level. The equipment request of \$31,700 each year would purchase necessary computer equipment to allow 26 individuals in county offices access to the electronic eligibility system.



**MODIFIED LEVEL SERVICES:** Five Percent Personnel Reduction  
The executive budget recommends reinstatement of \$265,397 in FY94 and \$265,673 in FY95 and the corresponding 11.00 FTE for field eligibility determination staff eliminated from the current level

base as required by HB2. General fund of \$132,858 and federal revenue of \$132,539 in FY94 and general fund of \$132,996 and federal revenue of \$132,677 in FY95 are included.

## 6901-07 MEDICAID SERVICES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	46.50	44.50	44.50	3.00	44.50	3.00
Personal Services	1,501,365.12	1,468,110	1,593,018	107,632	1,700,650	107,753
Operating Expenses	3,508,257.81	3,590,965	4,231,360	666,764	4,898,124	627,238
Equipment	27,856.71	3,198	52,233	4,000	56,233	0
Benefits and Claims	244,542,704.43	254,506,993	319,151,349	-5,259,031	313,892,318	-6,224,133
Transfers	2,046,413.00	1,955,802	1,224,990	0	1,219,760	0
<b>Total Agency Costs</b>	<b>\$251,626,597.07</b>	<b>\$261,525,068</b>	<b>\$326,252,950</b>	<b>\$-4,480,635</b>	<b>\$321,772,315</b>	<b>\$-5,489,142</b>
General Fund	60,702,428.79	60,735,460	79,566,866	-2,679,885	76,886,981	-3,010,323
State Special Revenue Fund	7,659,740.00	7,990,058	8,328,494	0	8,488,494	0
Federal Special Revenue Fund	183,264,428.28	192,799,550	238,357,590	-1,800,750	236,556,840	-2,478,819
<b>Total Funding Costs</b>	<b>\$251,626,597.07</b>	<b>\$261,525,068</b>	<b>\$326,252,950</b>	<b>\$-4,480,635</b>	<b>\$321,772,315</b>	<b>\$-5,489,142</b>
					<b>\$361,017,043</b>	<b>\$355,527,901</b>

**CURRENT LEVEL SERVICES:** Administrative staff are reduced by 2.00 FTE and the related salaries and benefits by \$74,168 in FY94 and \$74,257 in FY95 as required in HB2.

Operational budget increases occur mainly in contracted services, adding \$740,197 in FY94 and \$860,197 in FY95. Contracts for Nurse Aide Testing and Drug Utilization Review were not fully operational in FY92 and are annualized in this recommendation. New contracts are recommended for Nurse Aide Certification / Registration/Enforcement and the PASSPORT Program. These new contracts will result in cost savings through improved monitoring and control of applicable Medicaid services.

The equipment recommendation is in line with the three-year average and would purchase four laser jet printers, additional PCs, and replacement office equipment.

The recommended current level budget for benefits reflects an increase in FY94 and FY95 over the FY92 base. As the following table shows, Primary Care, Nursing Homes, Buy-In, youth psych programs, and Indian Health account for this increase. Medicaid benefit funding is based on a federal matching rate which will be 71.02% in FY94 and is projected to be 70.5% in FY95.

The largest increase in benefit services is within Medicaid primary care. This growth is caused by increased utilization and the increasing number of persons eligible for Medicaid.



The Medicare Buy-In program shows an increase of \$1.2 million in FY94 and \$1.9 million in FY95. This program pays the Medicare premium for persons who are eligible for both Medicaid and Medicare. As the number of persons eligible for both Medicaid and Medicare increases, so do the costs of this program. It is to the state's advantage to pay monthly premiums because Medicare will pay some of the recipients' health care costs with 100% federal funds once the premium has been paid. If the client had been covered only by Medicaid, state general fund would match federal funds to pay the medical bills.

The recommendation for the State Medical program reflects the FY93 estimated expenditure level and is \$2.0 million less than spent in FY92. Changes made by the July Special Session to restrict usage and managed care are expected to reduce costs.

The Medicaid institutions amounts reflect the executive proposed changes in the Department of Corrections and Human Services and current downsizing at MDC.

**Assistance Payments Table Medicaid Services Division Table**  
**Current Level Benefit Expenditure Request by Fund**  
**FY92 Actual to FY94 & FY95 Recommended**

<u>Benefit</u>	<u>FY92 Actual</u>	<u>Recommended FY94</u>		<u>Recommended FY95</u>	
		<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Total Funds</u>
Primary C.	134,590,389	49,353,987	199,042,376	59,263,287	229,667,056
Nurs. Homes	66,410,047	21,133,085	72,923,000	21,344,350	73,652,000
Elderly Wvr.	3,004,708	710,888	2,453,029	723,644	2,453,029
Disabled Wvr.	2,795,887	488,512	1,685,688	497,278	1,685,688
M-care Buy In	4,235,779	1,584,598	5,467,896	1,806,592	6,124,043
State Medical	5,999,999	3,933,690	3,633,690	4,012,365	4,012,365
Dept/Instit.	12,458,530	11,921,000	12,448,432		
Inpatient-Yth	7,742,620	10,357,737	11,849,304		
Residentl-Yth	2,187,960	3,844,081	4,397,648		
DDD Casemgmt	1,908,791	1,224,990	1,219,760		
TCM Ment.III	1,116,785	1,522,852	1,511,702		
Indian Hlth	4,000,000	6,000,000	6,000,000		

Youth in-patient hospital and residential psych programs provide the federal medicaid match for the services. The general fund amounts are budgeted in the Department of Family Services. The estimates for FY94-95 indicate significant growth in this medicaid service.

Developmental disabilities targeted case management federal benefits are those which are utilized in the program operated by the Department of Family Services. General fund match is budgeted in that agency.

Targeted case management for the mentally ill federal benefits are those which are utilized in the program operated by the Department of Corrections and Human Services. General fund match is budgeted in that agency.

Projected expenses for Indian Health increase by \$2 million. Improved methods are identifying more eligible recipients, somewhat relieving State Medical and Medicaid. Shifts of eligible clients to this 100% federally funded program will save state general fund.

**MODIFIED LEVEL SERVICES:** Five Percent Personnel Reduction  
The executive recommends reinstatement of \$74,168 in FY94 and \$74,257 in FY95 and the corresponding 2.00 FTE eliminated from the current level base as required by HB2.

**PASSPORT Savings** Projected savings of \$3,850,244 in FY94 and \$4,858,840 in FY95 are expected through the provision of case management to the Medicaid SSI population (aged, blind and disabled). Based on savings generated in other states, a reduction in medical services used is expected when all care for a recipient is managed by a primary care provider.

Psychiatric Utilization Review This modification continues a utilization review contract to verify the medical necessity of psychiatric services for Medicaid youth. This effort could save \$417,250 in each year of the biennium, based upon savings generated in FY92 by a similar contract.

State Medical Cost Containment Currently, the division contracts for prior approval of inpatient hospital care for state medical

clients. This program began in September 1992, and a significant drop in the number of inpatient hospitalizations occurred soon after. This modification expands the contract by \$75,000 per year to more aggressively curtail recipient abuse of State Medical services.

Medicaid Claims Processing The Medicaid Management Information System (MMIS) contractor processes all Medicaid benefit claims. In order to renew the MMIS contract through FY95, a \$277,200 per year increase will be necessary. A predetermined renewal formula is part of the current contract.

Medically Needy Cost Savings Under this proposal, medically needy clients can choose to meet their medically needy deductible with incurred medical expenses or cash payment. Under either option, coverage will begin the first day of the benefit month. This proposal not only provides more complete coverage to the individual but also has a potential to save general fund.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	40.00	40.00	38.00	.00	38.00	.00
Personal Services	1,130,824.41	1,121,994	1,170,592	0	1,173,583	0
Operating Expenses	265,694.19	212,916	277,669	0	279,591	0
Equipment	2,302.84	3,420	15,216	0	15,216	0
Transfers	166,160.99	198,234	198,226	0	198,226	0
Total Agency Costs	\$1,564,982.43	\$1,536,564	\$1,661,703	\$0	\$1,666,616	\$0
General Fund	586,290.03	623,418	689,736	0	692,052	0
State Special Revenue Fund	3,607.74	8,184	3,366	0	3,378	0
Federal Special Revenue Fund	975,084.66	904,962	968,601	0	971,186	0
Total Funding Costs	\$1,564,982.43	\$1,536,564	\$1,661,703	\$0	\$1,666,616	\$0

**CURRENT LEVEL SERVICES:** Personal services are reduced \$62,252 (\$29,339 general fund) in FY94 and \$62,300 (\$29,362 general fund) in FY95 and the corresponding 2.00 FTE per HB2 requirements. The operations budget increases approximately \$15,000 each year to annualize the Third Party Liability (TPL) function. This function was transferred from the Medicaid Services Division during FY92. No increase in the FY92 appropriated general fund level is requested since a 75/25 match

rate may be used versus the 50/50 FY92 appropriation. The equipment request reflects a three-year average and would update and replace PCs, software and office equipment.

Transfers increase by over \$32,000 and are based on Department of Revenue estimates for fraud investigative activities. Transfers involve federal funds only.



6901-09 OFFICE OF MGMT, ANALY & SYST

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	39.25	38.00	36.10	.90	37.00	36.10	.90	37.00
Personal Services	1,193,177.53	1,169,541	1,251,661	16,608	1,268,269	1,255,173	16,672	1,271,845
Operating Expenses	6,774,457.37	6,989,828	7,358,883	0	7,358,883	7,267,698	149,853	7,417,551
Equipment	71,720.04	89,591	89,250	0	89,250	87,493	0	87,493
<b>Total Agency Costs</b>	<b>\$8,039,354.94</b>	<b>\$8,248,960</b>	<b>\$8,699,794</b>	<b>\$16,608</b>	<b>\$8,716,402</b>	<b>\$8,610,364</b>	<b>\$166,525</b>	<b>\$8,776,889</b>
General Fund	2,175,607.66	2,505,907	2,820,404	4,960	2,825,364	2,754,244	79,908	2,834,152
State Special Revenue Fund	689,880.42	891,011	1,170,016	4,386	1,174,402	1,263,850	4,394	1,268,244
Federal Special Revenue Fund	5,173,866.86	4,852,042	4,709,374	7,262	4,716,636	4,592,270	82,223	4,674,493
<b>Total Funding Costs</b>	<b>\$8,039,354.94</b>	<b>\$8,248,960</b>	<b>\$8,699,794</b>	<b>\$16,608</b>	<b>\$8,716,402</b>	<b>\$8,610,364</b>	<b>\$166,525</b>	<b>\$8,776,889</b>

**CURRENT LEVEL SERVICES:** There is a reduction of 2.90 FTE and \$58,438 in FY94 and \$58,541 in FY95 as required in HB2.

Several increases occur in the operations budget. All department charges for PC terminal connections to the mainframe are paid by OMAS. Increases of \$158,300 in FY94 and \$191,420 in FY95 are included for this charge.

The TEAMS budget increases \$779,433 each year for annualization of the facilities management contract plus an additional \$467,954 to annualize computer charges for use of Department of Administration's mainframe. These increases are slightly offset by decreases of \$91,000 for one-time staff training and computer lease and maintenance costs.

**MODIFIED LEVEL SERVICES:** TEAMS Facilities Management COLA This recommendation will add \$149,853 (\$74,926 general fund), for FY95 only, to fund a 5.76% increase in the TEAMS facilities management contract. The monthly contract amount will increase August 1, 1994, from \$236,506 to \$250,129. This recommendation funds that increased amount during the final 11 months of FY95.

The SEARCHS budget decreases approximately \$874,000 per year as system development is phased out and ongoing system maintenance levels are identified. HB 2 expressed the intent of the legislature that "the annualized expenses for operations of SEARCHS not exceed \$1,500,000". The projected FY94-95 SEARCHS budget complies with this intent. SEARCHS is funded with child support enforcement state special revenue and federal revenue.

The TDD telephone communication devices for the deaf program increases \$159,509 in FY94 and \$248,961 in FY95 to reflect growing usage of relay traffic. Funding of TDD is from state special revenue.

**Five Percent Personnel Reduction** The executive recommends reinstatement of \$16,608 (\$4,960 general fund) in FY94 and \$16,672 (\$4,982 general fund) in FY95 and the corresponding 0.90 FTE eliminated from the current level base as required by HB2.

6901-10 VOCATIONAL REHABILITATION PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	74.00	73.50	71.15	1.85	73.00	71.15	1.85	73.00
Personal Services	2,099,142.37	2,124,842	2,195,188	57,763	2,252,951	2,199,726	57,832	2,257,558
Operating Expenses	447,962.78	455,304	413,737	11,274	425,011	417,288	7,713	425,001
Equipment	16,079.96	43,940	30,710	0	30,710	30,245	0	30,245
Benefits and Claims	5,997,927.53	6,684,573	6,066,766	1,025,028	7,091,794	6,066,766	709,971	6,776,737
Total Agency Costs	\$8,561,112.64	\$9,308,659	\$8,706,401	\$1,094,065	\$9,800,466	\$8,714,025	\$775,516	\$9,489,541
General Fund	1,180,317.80	1,254,437	1,403,883	248,605	1,652,488	1,405,624	438,526	1,844,150
State Special Revenue Fund	658,474.06	694,753	641,917	-237,098	404,819	641,959	-427,006	214,953
Federal Special Revenue Fund	6,722,320.78	7,359,469	6,660,601	1,082,558	7,743,159	6,666,442	763,996	7,430,438
Total Funding Costs	\$8,561,112.64	\$9,308,659	\$8,706,401	\$1,094,065	\$9,800,466	\$8,714,025	\$775,516	\$9,489,541

**CURRENT LEVEL SERVICES:** Personal services are reduced by \$68,649 (\$6,089 general fund) in FY94 and \$68,727 (\$6,096 general fund) in FY95 with a corresponding reduction of 2.35 FTE as required in HB2.

Operating expenses decrease slightly below the FY92 actual expenditure base. Increases for rent, travel and contracted services are offset by reductions for computer processing deflation, DWC panel activity and the MSED grant which ended in FY92.

The equipment recommendation is slightly higher than the three-year average and reflects the anticipated purchase of items such

as adaptive software and computers for clients with severe disabilities and fax machines.

The increase in benefits over FY92 actual reflects the continuation of the FY93 4.5% provider rate increase, an increase in the federal grant award for Migrant Workers and a decrease of \$102,000 as the MSED grant ended in FY92. A new federal match rate of 78.7% for the Section 110 grant replaces the two tiered rate resulting in a general fund increase. The benefit budget is based on the level of services anticipated for FY93 with the recommendation that a transfer of benefits would be allowed between vocational rehabilitation benefits and visual services benefits.

**MODIFIED LEVEL SERVICES:** Five Percent Personnel Reduction The executive recommends reinstatement of \$57,763 (\$4,578 general fund) in FY94 and \$57,832 (\$4,582 general fund) in FY95 and the corresponding 1.85 FTE eliminated from the current level base as required by HB2.

**MSED Administration** Federal revenues of \$5,176 in FY94 and

\$1,310 in FY95 are recommended for operating cost of monitoring the MSED grant activities recommended in the MSED benefits modification.

**MSED Benefits** Federal revenues of \$459,614 in FY94 and \$116,288 in FY95 are recommended for continuation of efforts to develop training and support systems which will allow persons with



severe disabilities to work in competitive employment settings. The federal grant is currently scheduled to phase out in FY95.

MonTECH Operations Federal grant revenues of \$6,098 in FY94 and \$6,403 in FY95 are recommended for operating costs of monitoring of the MonTECH grant activities recommended in the MonTECH benefits modification.

MonTECH Benefits Federal revenues of \$565,414 in FY94 and \$593,683 in FY95 are recommended for continuation of this effort to provide assistive technology devices and services to disabled clients. A coordinated information, referral and outreach center will be established, a small equipment clearing house will be developed, educational and training activities will be developed and conducted

#### 6901-11 DISABILITY DETERMINATION PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	38.50	44.00	36.00	5.50	41.50	36.00	5.50	41.50
Personal Services	1,139,537.78	1,234,415	1,136,008	146,814	1,282,822	1,138,071	146,948	1,285,019
Operating Expenses	1,616,345.47	1,743,306	1,869,666	0	1,869,666	1,938,589	0	1,938,589
Equipment	13,933.35	14,000	11,264	0	11,264	11,264	0	11,264
Benefits and Claims	67,006.68	75,000	73,763	0	73,763	73,763	0	73,763
Debt Service	8,076.60	0	8,077	0	8,077	8,077	0	8,077
Total Agency Costs	\$2,844,899.88	\$3,066,721	\$3,098,778	\$146,814	\$3,245,592	\$3,169,764	\$146,948	\$3,316,712
Federal Special Revenue Fund	2,844,899.88	3,066,721	3,098,778	146,814	3,245,592	3,169,764	146,948	3,316,712
Total Funding Costs	\$2,844,899.88	\$3,066,721	\$3,098,778	\$146,814	\$3,245,592	\$3,169,764	\$146,948	\$3,316,712

**CURRENT LEVEL SERVICES:** Personal services are reduced by 2.50 FTE and \$68,475 in FY94 and \$68,534 in FY95 as required in HB2. Operational increases from the FY92 base reflect a 10% increase in case clearances. Case clearances are projected to grow from the FY92 level of 9,676 to 10,664 in FY94 and FY95. An expanding caseload will increase costs for federally-mandated case

and technical assistance on assistive technology material for academic courses will be made available.

Replacement of IARA State Special Revenue Approximately \$625,000 of state special revenues from the Industrial Accident Rehabilitation Account (IARA) are budgeted in the current level vocational rehabilitation operating and benefits. Caseload relating to workers referred to VR from industrial accidents has been declining during the past years. VR was able to fully utilize these funds in FY92. However, VR can only use these state special revenue funds to serve industrial accident related clients and may not be able to fully utilize the funds in FY94-95. This recommendation would replace IARA funds with general funds of \$244,027 in FY94 and \$433,944 in FY95.

review by medical consultants (\$40,000) and medical examination and copies of medical records (\$201,000) for disability claimants. The equipment recommendation is half the three-year average and would purchase PCs and related software. Federal revenue is the source of funding for this entire program.



Continuation of 3.00 FTE Claims Staff The 3.00 FTE authorized by budget amendment in FY93 are recommended for continuation at a cost of \$79,785 in FY94 and \$79,860 in FY95. Staffing levels are determined by case receipts and case clearances. A growing caseload requires additional staff to manage cases in a timely manner. Federal revenues provide 100% of the funding.

Fiscal Year 1994		Fiscal Year 1995	
Modis/Policy	Total	Current Level	Modis/Policy
1.65	18.25	16.60	1.65
43,730	549,403	506,968	43,765
0	118,385	119,963	0
0	8,177	3,312	0
0	760,903	760,903	0
<b>\$43,730</b>	<b>\$1,436,868</b>	<b>\$1,391,146</b>	<b>\$43,765</b>
			<b>\$1,434,911</b>
8,746	304,951	295,807	8,753
34,984	1,131,917	1,095,339	35,012
<b>\$43,730</b>	<b>\$1,436,868</b>	<b>\$1,391,146</b>	<b>\$43,765</b>
			<b>\$1,434,911</b>
			<b>\$1,434,911</b>

Benefits requested for the 1995 biennium are approximately 5% lower than FY92 actual. This reduction is a combination of the 4.5% provider rate increase appropriated by the 1991 legislature for FY93 and the reduction of Section 110 benefits by \$57,380 from the FY92 base. This reduction reflects an expectation of fewer services being provided in Visual Service and a higher level of services within the Vocational Rehabilitation Program during the 1995 biennium. The benefit request is based on the recommendation that if required services are higher in VS and lower in VR a transfer of benefits can be made between the two programs.

**MODIFIED LEVEL SERVICES:** Five Percent Personnel Reduction  
The executive recommends reinstatement of \$43,730 (\$8,746 general fund) in FY94 and \$43,765 (\$8,753 general fund) in FY95

and the corresponding 1.65 FTE eliminated from the current level base as required by HB2.

#### 6901-14 DEVELOPMENTAL DISAB PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	41.25	43.25	42.75	.00	42.75	.00
Personal Services	1,252,550.74	1,381,775	1,468,664	0	1,471,430	0
Operating Expenses	301,116.52	301,945	312,376	0	316,299	0
Equipment	14,484.53	8,451	13,052	0	12,902	0
Grants	19,308.46	16,000	19,000	0	19,000	0
Benefits and Claims	28,178,262.13	33,242,762	35,769,308	0	35,769,308	0
<b>Total Agency Costs</b>	<b>\$29,765,722.38</b>	<b>\$34,950,933</b>	<b>\$37,582,400</b>	<b>\$0</b>	<b>\$37,588,939</b>	<b>\$0</b>
General Fund	11,804,682.00	13,852,362	15,321,147	0	15,636,754	0
Federal Special Revenue Fund	17,961,040.38	21,098,571	22,261,253	0	21,952,185	0
<b>Total Funding Costs</b>	<b>\$29,765,722.38</b>	<b>\$34,950,933</b>	<b>\$37,582,400</b>	<b>\$0</b>	<b>\$37,588,939</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** A reduction of 1.50 FTE and related personal services of \$50,611 (\$45,550 general fund) in FY94 and \$50,659 (\$45,593 general fund) in FY95 results from HB2 requirements.

Operations increase approximately \$11,000 in FY94 and \$15,000 in FY95 due to annualizing travel expenses for new staff hired during FY92 and FY93, inflationary rent increases for field offices, and deflation in DOA charges for computer processing and telephone service. The equipment recommendation reflects the three-year average and would purchase PCs and related software for field office staff who do not have automated capabilities.

The current level benefit recommendation reflects a \$7.6 million increase from the FY92 base. The majority of this increase is a result of annualizing costs approved by the last regular legislative session. Major benefit changes include (1) general fund of approximately \$823,000 and federal revenue of approximately \$1.9 million necessary for full year services to individuals with,

developmental disabilities who are entering community-based services from nursing homes as required under the federal law (OBRA/1987), (2) general fund of approximately \$700,000 and federal revenue of approximately \$1.44 million to annualize the cost of operating the five new group homes started during FY92 and five additional homes that will operate in FY93, as part of the Governor's action plan on developmental disabilities, (3) approximately \$147,000 general fund and \$352,000 federal revenue for annual cost of the additional supported living services that will operate during FY93 and are not part of the FY92 base, (4) \$398,413 general fund and \$313,265 federal revenue to annualize Part H services during FY92 and include the additional state and federal funds necessary for full compliance with federal law, (5) approximately \$40,000 general fund and \$95,000 federal revenue to annualize the cost of Specialized Family Care services added by the 1991 legislature, (6) approximately \$980,000 general fund and \$350,000 federal revenue to continue the 4.5% provider rate increase appropriated by the 1991 legislature for FY93, (7) a reduction of \$400,000 general fund from the base for one-time



start-up costs for the five new group homes started during FY92, and (8) the recommendation of an additional \$500,000 in federal spending authority to allow the division to pursue federal funds should they become available.

Current level FY94-95 funding splits among general fund and federal revenue are recommended at ratios equivalent to the FY92 actual expenditures with the exception of the addition of general

#### 6901-15 DEVELOPE DISAB ADVIS COUNCIL

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	3.00	3.00	2.00	.00	2.00	.00
Personal Services	79,014.77	77,456	68,585	0	68,638	0
Operating Expenses	46,134.54	51,899	56,583	0	56,510	0
Equipment	2,988.00	0	0	0	0	0
Benefits and Claims	262,481.35	227,500	295,307	0	295,327	0
<b>Total Agency Costs</b>	<b>\$390,618.66</b>	<b>\$356,855</b>	<b>\$420,475</b>	<b>\$0</b>	<b>\$420,475</b>	<b>\$0</b>
Federal Special Revenue Fund	390,618.66	356,855	420,475	0	420,475	0
<b>Total Funding Costs</b>	<b>\$390,618.66</b>	<b>\$356,855</b>	<b>\$420,475</b>	<b>\$0</b>	<b>\$420,475</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** Personal services are reduced by \$21,998 in FY94 and \$22,018 in FY95 to reflect the reduction of 1.00 FTE required by the HB2 5% requirement. Operating expenditures increase approximately \$11,000 each fiscal year. The current level benefits executive budget recommendation includes the funds reduced in the personal services reduction

above. Montana receives "minimum allotment" funding from the Department of Health and Human Services which is estimated to be \$420,475 annually during the FY94-95 biennium. Of this amount, a minimum of 65% must be expended in the grants and benefits portion of the program. All funding for this program is derived from federal revenues.

fund of \$635,196 in FY94 and \$862,436 in FY95 and reduction in federal revenue available by a like amount. Historically, the state was allowed to transfer 10% of the Low Income Energy Assistance Program (LIEAP) grant, budgeted in the Family Assistance Program in SRS to the Social Services Block grant. Effective in federal fiscal year 1994 (October 1, 1993), the state will no longer be allowed by federal law to make the transfer.



## Department of Family Services

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	601.60	587.60	573.33	29.85	603.18	573.33	29.85	603.18
Personal Services	16,724,051.33	17,388,474	17,736,649	861,487	18,598,136	17,838,361	864,079	18,702,440
Operating Expenses	4,623,885.46	5,246,352	5,536,231	533,280	6,069,511	5,501,671	657,457	6,159,128
Equipment	203,283.91	75,925	127,289	184,951	312,240	108,731	8,890	117,621
Grants	6,804,055.34	5,555,243	6,567,340	-587,693	5,979,647	6,565,794	-587,693	5,978,101
Benefits and Claims	20,966,588.70	23,551,436	25,918,831	-578,396	25,340,435	26,921,097	-578,396	26,342,701
<b>Total Agency Costs</b>	<b>\$49,321,864.74</b>	<b>\$51,817,430</b>	<b>\$55,886,340</b>	<b>\$413,629</b>	<b>\$56,299,969</b>	<b>\$56,935,654</b>	<b>\$364,337</b>	<b>\$57,299,991</b>
General Fund	31,232,323.74	30,869,843	36,401,141	2,051,191	38,452,332	37,487,305	1,997,390	39,484,695
State Special Revenue Fund	2,960,980.28	3,045,735	3,047,478	213,300	3,260,778	3,048,190	213,300	3,261,490
Federal Special Revenue Fund	15,128,560.72	17,901,852	16,437,721	-1,850,862	14,586,859	16,400,159	-1,846,353	14,553,806
<b>Total Funding</b>	<b>\$49,321,864.74</b>	<b>\$51,817,430</b>	<b>\$55,886,340</b>	<b>\$413,629</b>	<b>\$56,299,969</b>	<b>\$56,935,654</b>	<b>\$364,337</b>	<b>\$57,299,991</b>
Management Support	7,301,088.81	7,860,292	7,212,657	642,329	7,854,986	7,125,836	748,950	7,874,786
Regional Staff	11,351,344.39	12,435,051	12,181,111	1,030,748	13,211,859	12,226,207	873,551	13,099,758
Juvenile Corrections	6,943,114.75	7,118,960	7,249,213	632,600	7,881,813	7,335,304	634,125	7,969,429
Community & Protective Service	23,726,316.79	24,403,127	29,243,359	-1,892,048	27,351,311	30,248,307	-1,892,289	28,356,018
<b>Total Program Costs</b>	<b>\$49,321,864.74</b>	<b>\$51,817,430</b>	<b>\$55,886,340</b>	<b>\$413,629</b>	<b>\$56,299,969</b>	<b>\$56,935,654</b>	<b>\$364,337</b>	<b>\$57,299,991</b>

**MISSION STATEMENT:** To provide holistic, culturally sensitive, flexible and responsive services in the home with the goal of strengthening and empowering the family unit, as close to home as possible in the least-restrictive, most-appropriate environment with the goal of reunifying the family, and designed to achieve permanent placement.

**CURRENT LEVEL SERVICES:** The department request reflects the results of a FY92 reorganization of programs. The management services program includes the central office management and support and training functions along with aging operations and grants. The juvenile corrections program includes consolidated mountain view school and pine hills school programs along with aftercare and youth evaluation. The old community services program is replaced with a new regional staff program which includes all field social

work and case management staff. A new community & protective services program includes all DFS grant and benefit activities except aging grants.

The department request also reflects changes allowed by the 1991 legislature relating to DD case management in the regional staff program, day care block grant and the continuum of care in the new community & protective services program.

In addition to the FY93 appropriated level 14.00 FTE have been added to the current level for DD targeted case management as a result of language in HB02 allowing such action. An additional 5.00 FTE are added for the continuum of care as outlined in the implementation plan presented to the Legislative Finance Committee as required by HB02. Finally, 1.00 FTE was added for operation of the day care block grant which was allocated to the department during the final days of the 1991 legislative session. A reduction in the current level of 0.42 FTE is the result of a correction of teacher positions in the two schools.

The 5% personal services reduction removes 29.85 FTE from the current level base. The above FTE changes result in a current level department request of 573.33 FTE.

Mainly due to the workloads experienced by this agency, modifications are recommended to reinstate 26.85 FTE which were removed from the base under the 5% personal services reduction.

## POLICY INITIATIVE

Operating costs such as rent, postage, telephone and equipment in the Department of Family Services should become a state responsibility in the non-state-assumed welfare counties.

### *Clarify responsibility of non-assumed counties*

Legislation will be introduced to clarify the responsibility of non-assumed counties to fund only those costs outlined in Section 52-1-110(1), MCA, which requires reimbursement from county poor funds "in an amount equal to that county's expenditures for salaries, travel expenses, and indirect costs of protective services employees in fiscal year 1987, adjusted for annual inflation".

When DFS was created, an attempt was made to make the new department cost neutral to the state and the counties. The twelve state-assumed welfare counties levy 12 mills which is sent to the state as those counties' share of all welfare costs including all DFS costs. The forty-four non-assumed counties are required by current law, within certain caps, to pay for DFS personal services, travel and indirect costs related to those services and their state share of foster care costs.

### *Non-assumed counties provide office space, equipment, phone, postage and other operating costs for DFS. Some counties and MACo believe should be state costs*

Additionally, non-assumed counties provide office space, equipment, phone, postage and other operating costs for DFS. Some counties and the Montana Association of Counties (MACo) believe that this set of operating costs should be the burden of the state. The current law relating to such costs is unclear and in conflict in certain areas.

### *Initiative funds costs in the DFS budget*

This initiative would provide relief to non-assumed counties by keeping DFS personal services, travel and related indirect costs a county responsibility and making all DFS other operating costs in these counties a state responsibility. Items such as rent, phones, postage, copy and equipment would be funded in the DFS budget.

### *General fund costs: \$586,748 in FY94 \$452,414 in FY95*

The estimated cost of this initiative was arrived at by using a survey conducted in cooperation with MACo. The first year cost is estimated to be \$690,892 (\$586,748 general fund) and the second year cost is estimated at \$532,852 (\$452,414 general fund). These costs would be funded 85% by the general fund and approximately 15% by federal revenue. The first year cost includes purchase of some equipment to replace county owned equipment.



## POLICY INITIATIVE

Alcohol and drug treatment for youth served by DFS should be funded with license reinstatement fees currently being deposited to the general fund.

*Current law fee of \$100 to each driver whose license is suspended or revoked*

Under current law, a driver license reinstatement fee of \$100 is charged to each driver whose license is suspended or revoked. A majority of these fees are collected from drivers who have had adverse driver license action taken due to alcohol-related driving offenses.

*One-half for grants to localities*

One-half of the current \$100 fee is allocated to the general fund with an appropriation to the Highway Traffic Safety Division for grants to localities which have approved county drinking and driving prevention programs. This recommendation makes no change in the funding of current county prevention programs.

*Second half not cost-effective for distribution to each incorporated city or town*

Under current law, the second half of the fee would be allocated to a state special revenue fund and prorated to counties for a broad variety of miscellaneous grants. Because the legislature did not appropriate these funds for the 1993 biennium, during special session they were transferred to the general fund as additional revenue. During deliberations on that transfer, it was noted that each county would receive only about \$4,000 and that it did not appear to be cost-effective for county treasurers to distribute these funds proportionately to each incorporated city or town using a population formula, and then require each of these entities to establish a grant award program open to all local government and private entities for such a small amount of money.

*Legislation to allocate \$50 of fee to DFS for alcohol and drug treatment for youth  
General fund savings:  
\$213,300 annually*

Legislation will be introduced to amend 61-2-107(2)(b), MCA, to allocate \$50 of each fee to a state special revenue fund which will replace general fund currently spent by the Department of Family Services (DFS) for alcohol and drug treatment for youth who are assigned to DFS jurisdiction. The current general fund level is \$213,300 annually. The result of the legislation will allow this level of service to continue. Future revenue from the \$50 will likely allow increases in the number of youth served by DFS under the alcohol and drug treatment program.

6911-01 MANAGEMENT SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	43.75	51.50	38.50	5.00	38.50	5.00
Personal Services	1,264,775.58	1,811,281	1,299,327	173,947	1,473,274	174,137
Operating Expenses	878,390.35	1,121,857	1,126,915	250,772	1,377,687	387,464
Equipment	77,045.88	10,166	30,990	60,261	91,251	30,000
Grants	5,080,877.00	4,916,988	4,755,425	157,349	4,912,774	157,349
Total Agency Costs	<b>\$7,301,088.81</b>	<b>\$7,860,292</b>	<b>\$7,212,657</b>	<b>\$642,329</b>	<b>\$7,854,986</b>	<b>\$748,950</b>
General Fund	2,256,408.98	2,801,624	2,390,791	332,378	2,723,169	409,370
State Special Revenue Fund	14,806.00	14,784	15,000	0	15,000	0
Federal Special Revenue Fund	5,029,873.83	5,043,884	4,806,866	309,951	5,116,817	339,580
Total Funding Costs	<b>\$7,301,088.81</b>	<b>\$7,860,292</b>	<b>\$7,212,657</b>	<b>\$642,329</b>	<b>\$7,854,986</b>	<b>\$748,950</b>

contracts, an increase over FY92 actual of approximately \$92,000 in FY94 and \$124,000 in FY95 for insurance and bonds, an increase in DOA rent and a decrease in Non-DOA rent, and an increase of approximately \$3,400 per year in DOA network fees for additional terminal hookups.

Equipment on an agency wide basis is recommended at approximately the three year average. Equipment requested in this program is generally replacement office equipment, computer software, and computer terminals.

Grants included in this program since reorganization are those managed by the Office on Aging and are recommended at the level estimated to be available in FY93.

processing charges, DOA system development costs and miscellaneous costs. Equipment costs are budgeted at \$60,261 in FY94 and \$30,000 in FY95. On August 1, 1992, DFS estimated that completion of the first portions of the system would be March 1, 1994 and that the foster care, adoption, payment and referral components would be complete December 1, 1994. The

**CURRENT LEVEL SERVICES:** During FY92 the department implemented a reorganization which is discussed in the agency level narrative. The major change evident in this program is that grants managed by the Aging Office were previously budgeted in the old community services program. These grants recommended at approximately \$4,755,000 are now shown in this program.

Personal services costs reflect a current level of 41.50 FTE from which 3.00 FTE were taken for the 5% personal services requirement.

Operating costs reflect additional training funds, biennial audit costs, an increase of \$20,000 per year in audit costs for aging

**MODIFIED LEVEL SERVICES:** Management Information System This recommendation continues the work begun under HB 569 from the 1991 legislative session. The department is in the process of development of the design phase of the MIS. This recommendation carries that process forward. Personal services include 2.00 FTE. Operating costs include DOA computer



recommendation includes general funds of \$274,197 in FY94 and \$351,070 in FY95, and federal funding of \$110,101 for FY94 and \$140,969 for FY95.

Legal Developer The Aging Plan requires all area agencies to provide legal assistance, and this 1.00 FTE legal developer will meet that federal requirement. The position will develop legal services for the aging population, will help educate the elderly on their legal rights and obligations, and will provide support to the Ombudsman Program. Operating costs of \$3,063 in FY94 and \$1,827 in FY95 are included. Total funding is federal special revenue in the amount of \$36,066 in FY94 and \$34,866 for FY95.

## 6911-02 REGIONAL STAFF

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	336.95	327.20	323.35	11.85	335.20	323.35	11.85	335.20
Personal Services	9,285,766.20	9,665,476	9,820,624	340,456	10,161,080	9,848,634	341,299	10,189,933
Operating Expenses	2,012,296.10	2,449,966	2,329,408	544,492	2,873,900	2,344,106	532,252	2,876,358
Equipment	48,471.09	42,365	31,079	145,800	176,879	33,467	0	33,467
Grants	4,811.00	0	0	0	0	0	0	0
Benefits and Claims	0.00	277,244	0	0	0	0	0	0
Total Agency Costs	\$11,351,344.39	\$12,435,051	\$12,181,111	\$1,030,748	\$13,211,859	\$12,226,207	\$873,551	\$13,099,758
General Fund	6,622,703.59	7,241,069	7,496,758	670,916	8,167,674	7,541,949	536,812	8,078,761
State Special Revenue Fund	963,723.00	999,150	995,930	0	995,930	995,930	0	995,930
Federal Special Revenue Fund	3,764,917.80	4,194,832	3,688,423	359,832	4,048,255	3,688,328	336,739	4,025,067
Total Funding Costs	\$11,351,344.39	\$12,435,051	\$12,181,111	\$1,030,748	\$13,211,859	\$12,226,207	\$873,551	\$13,099,758

**CURRENT LEVEL SERVICES:** After the reorganization discussed in the agency level narrative, this program provides the staff and operating costs of the field activities of the department including child protective services, adult protective services and DD targeted case management services. Grants and benefits budgeted in this program for the FY92-93 biennium are contained in other programs. The 5% personal services cuts affect 11.85 FTE in the current level program.

The current level increases in regional services reflect the salary and benefit increases of approximately \$520,000 per year which

Aging Food Stamps An outreach food service program for the elderly, this modification is to provide a concentrated effort to ensure that the elderly are furnished with proper nourishment. Funding is federal special revenue of \$157,349 for both FY94 and FY95. This is a continuation of a FY92 and FY93 budget amendment.

Five Percent FTE Reduction Given the additional responsibility of growing programs, it is recommended that 2.00 FTE be restored at a general fund cost of \$57,886 in FY94 and \$57,995 in FY 95 and federal fund cost of \$6,435 in FY94 and \$6,396 in FY 95.

are partially due to annualization of DD case management staff. An increase in contracted services of approximately \$300,000 annually annualizes the contracted portion of the DD targeted case management function which was initiated in FY92. Rent increases, for local offices, due to new contracts by \$45,702 each year.

Equipment is budgeted below the FY92 actual in the program but at approximately the 3 year average on an agency wide basis.



**MODIFIED LEVEL SERVICES:** Five Percent FTE Reinstatement It is recommended that the 11.85 FTE removed for the 5% personal services reduction be restored at a general fund cost of \$87,544

in FY94 and \$87,776 in FY95 and an increase in federal funding in the amount of \$260,800 for FY94 and \$261,417 for FY95. The positions represent DFS regional staff workers.

## 6911-03 JUVENILE CORRECTIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	205.90	204.90	193.48	12.00	193.48	12.00
Personal Services	5,671,684.37	5,791,173	5,913,222	316,600	6,229,822	318,125
Operating Expenses	1,245,158.96	1,304,393	1,291,881	0	1,329,941	0
Equipment	25,271.42	23,394	44,110	0	22,149	0
Benefits and Claims	1,000.00	0	0	316,000	316,000	316,000
Total Agency Costs	<u>\$6,943,114.75</u>	<u>\$7,118,960</u>	<u>\$7,249,213</u>	<u>\$632,600</u>	<u>\$7,881,813</u>	<u>\$634,125</u>
General Fund	6,203,641.43	6,354,611	6,665,848	566,600	7,232,448	568,125
State Special Revenue Fund	319,650.62	332,115	284,145	0	284,740	0
Federal Special Revenue Fund	419,822.70	432,234	299,220	66,000	365,220	66,000
Total Funding Costs	<u>\$6,943,114.75</u>	<u>\$7,118,960</u>	<u>\$7,249,213</u>	<u>\$632,600</u>	<u>\$7,881,813</u>	<u>\$634,125</u>
					<u>\$7,335,304</u>	<u>\$7,969,429</u>

**CURRENT LEVEL SERVICES:** Juvenile Corrections was created in the FY92 reorganization discussed in the agency narrative and reflects the department's current youth corrections policy. Mountain View School, Pine Hills School, aftercare, and youth evaluation were placed in this program.

The reorganized FTE level of 206.90 is reduced 0.42 FTE for correction of two teacher positions which were in error in prior budgets and is reduced 13.00 for the 5% personal services required reduction which leaves a current level of 193.48 FTE. Overtime, holidays worked and associated benefits are carried forward from FY92 actual in the amount of \$109,136 in FY94 and

\$114,783 in FY95 in the direct care portions of Pine Hills and Mountain View Schools.

Operating costs in the juvenile corrections program increase \$67,857 in FY94 and \$106,643 due to 1) inflation, 2) a 10% increase in contracted services for doctors, 3) increased DOA network charges, 4) Non-DOA rent for aftercare offices, and 5) an additional \$9,600 per year to allow Pine Hills School to hook up to city water services.

Equipment is recommended at an amount approximately equal to the three year average for the program.

**MODIFIED LEVEL SERVICES:** Juvenile Corrections Policy This recommendation would provide funding for implementation of a current study relating to youth placement guidelines. The results of the study are expected to propose a guideline for placement of youth in secure facilities. Current changes in juvenile corrections include a co-educational setting at Mountain View School in a less secure setting than Pine Hills. Funds set aside in this recommendation would provide DFS with additional resources to

address community based options to youth detention. Funds allocated in this area are \$250,000 general fund and \$66,000 in federal revenues each year of the biennium.

Five Percent FTE Reduction Given the increase in juvenile populations and the subsequent aftercare requirements, it is recommended that the FTE level be restored at a general fund cost of \$315,725 in FY94 and \$317,249 in FY95. This will reinstate 12.00 FTE.

#### 6911-05 COMMUNITY & PROTECTIVE SERVICE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	15.00	4.00	18.00	1.00	19.00	18.00	1.00	19.00
Personal Services	501,825.18	120,544	703,476	30,484	733,960	704,669	30,518	735,187
Operating Expenses	488,040.05	370,136	788,027	-261,984	526,043	790,221	-262,259	527,962
Equipment	52,495.52	0	21,110	-21,110	0	21,110	-21,110	0
Grants	1,718,367.34	638,255	1,811,915	-745,042	1,066,873	1,811,210	-745,042	1,066,168
Benefits and Claims	20,965,588.70	23,274,192	25,918,831	-894,396	25,024,435	26,921,097	-894,396	26,026,701
Total Agency Costs	\$23,726,316.79	\$24,403,127	\$29,243,359	\$-1,892,048	\$27,351,311	\$30,248,307	\$-1,892,289	\$28,356,018
General Fund	16,149,569.74	14,472,539	19,847,744	481,297	20,329,041	20,854,892	483,083	21,337,975
State Special Revenue Fund	1,662,800.66	1,699,686	1,752,403	213,300	1,965,703	1,752,520	213,300	1,965,820
Federal Special Revenue Fund	5,913,946.39	8,230,902	7,643,212	-2,586,645	5,056,567	7,640,895	-2,588,672	5,052,223
Total Funding Costs	\$23,726,316.79	\$24,403,127	\$29,243,359	\$-1,892,048	\$27,351,311	\$30,248,307	\$-1,892,289	\$28,356,018

**CURRENT LEVEL SERVICES:** The community & protective services program was begun under the FY92 reorganization outlined in the agency narrative. Activities included in the program are protective services administration, community services administration, child abuse and neglect grants, domestic violence grants, subsidized adoption, refugee, big brothers and sisters, youth alcohol and drug treatment, day care, supplemental social security income, foster care, children's trust fund, inpatient youth and residential youth psych medicaid general funds, independent living and children's justice act.

The current level 18.00 FTE include 4.00 FTE in the continuum of care, 1.00 FTE in day care, 11.00 in protective services administration, 2.00 in community services administration. 2.00 FTE were included in the 5% personal services reductions.

Operating costs increase due mainly to the phasing in of the federal day care block grant.

Equipment is budgeted at approximately the agency wide three year average.

Major benefit increases are approximately \$1.3 million federal revenue each year for day care block grant, \$50,760 general fund each year for phasing in of DD group homes approved in the FY92-93 biennium, \$737,603 general fund and \$377,972 other funds each year for the FY93 foster care provider rate increase,

approximately \$700,000 general fund in FY94 and \$1,130,000 general fund in FY95 for increased utilization in the in-patient youth psych hospital medicaid program, and approximately \$260,000 general fund in FY94 and \$560,000 general fund in FY95 for the residential youth psych medicaid program.

**MODIFIED LEVEL SERVICES:** Foster Care Continuum To enable the department to provide benefit payments for foster care recipients in new programs developed through the continuum of care project in FY92 will require general funds in the amount of \$667,162 for FY94 and \$668,918 in FY95. Federal funds of \$210,798 for FY94 and \$209,042 for FY95 will be needed to complete the modification.

Five Percent FTE Reduction It is recommended that 1.00 FTE be restored at a general fund cost of \$27,435 in FY94 and \$27,465 in FY95 and federal fund cost of \$3,049 in FY94 and \$3,053 in FY95.

Day Care Transfer to SRS Policy Initiative C, discussed in the Department of Social & Rehabilitation Services narrative, would transfer responsibility for all day care administration, rule making, grants and benefits to that agency. DFS would remain responsible for benefits related to child protective services and day care licensing functions. This transfer of responsibility would result in a reduction of the DFS budget by \$2,800,492 in FY94 and \$2,800,767 in FY95, all in federal revenue.





The background of the page features a large, faint, circular seal of the State of Montana. The seal's outer ring contains the text "THE GREAT SEAL OF THE STATE OF MONTANA" in a circular arrangement. The inner part of the seal depicts a landscape with a mountain range, a river, and a bison. The title text is superimposed over this seal.

# **NATURAL RESOURCES AND COMMERCE**





# Public Service Commission

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	47.00	47.00	44.00	.00	44.00	44.00	.00	44.00
Personal Services	1,599,153.49	1,643,327	1,656,044	0	1,656,044	1,658,836	0	1,658,836
Operating Expenses	459,004.84	521,688	454,840	205,410	660,250	442,240	2,880	445,120
Equipment	77,753.20	39,579	34,583	97,470	132,053	16,114	0	16,114
Total Agency Costs	\$2,135,911.53	\$2,204,594	\$2,145,467	\$302,880	\$2,448,347	\$2,117,190	\$2,880	\$2,120,070
General Fund	2,091,853.05	2,158,114	2,115,740	302,880	2,418,620	2,089,022	2,880	2,091,902
Federal Special Revenue Fund	24,679.68	27,100	29,727	0	29,727	28,168	0	28,168
Proprietary Fund	19,378.80	19,380	0	0	0	0	0	0
Total Funding	\$2,135,911.53	\$2,204,594	\$2,145,467	\$302,880	\$2,448,347	\$2,117,190	\$2,880	\$2,120,070
Public Service Regulation	\$2,135,911.53	2,204,594	2,145,467	302,880	2,448,347	2,117,190	2,880	2,120,070
Total Program Costs	\$2,135,911.53	\$2,204,594	\$2,145,467	\$302,880	\$2,448,347	\$2,117,190	\$2,880	\$2,120,070

**MISSION STATEMENT:** To provide the equivalent of responsible competition to regulated industries by (a) just and reasonable rates which shall be the minimum necessary considering adequate service and safety, environmental and social costs, and sufficient return on investment; (b) fair processes; and (c) formulation of appropriate public policies.

**CURRENT LEVEL SERVICES:** The 47.00 FTE authorized in FY92 have been reduced by three for the HB2 5% personal service reduction. This will amount to a reduction of \$82,167 in each year of the biennium.

The current level operating expenses increase from FY92 to FY94 and FY95 due to fixed costs increasing and the addition of National Regulatory Research Institute dues of \$6,678 each year. The commission has been a member for a number of years, with major utility companies paying the dues through a direct billing arrangement. It would be more appropriate to pay these dues from this budget.

The equipment requests of \$34,583 in FY94 and \$16,114 in FY95 are below the three year average of \$37,858. Included in the request are the replacement of two vehicles, one in each year of

the biennium; light bars for the five enforcement vehicles in FY94; \$10,412 for office equipment in FY94; \$2,364 for the replacement of the Natural Gas Pipeline Safety Program computer in FY94; and \$6,220 in FY94 and \$3,330 in FY95 for software upgrades.

The Public Service Regulation Program is funded primarily by a fee on regulated companies equal to the amount appropriated to the commission by the legislature for a particular fiscal year, which is deposited directly into the general fund. The fee paid by regulated companies is determined in a manner similar to that of the consumer counsel fee. In addition federal funds from the U.S. Department of Transportation are available to help support the Natural Gas Pipeline Safety Program - \$29,727 in FY94 and \$28,168 in FY95.

**MODIFIED LEVEL SERVICES:** Consultant Funds A biennial appropriation of \$100,000 is recommended for technical advisory services for the implementation of the Least Cost Planning guidelines for utilities; and specialized consultants for major policy issues that could include proposals for alternative regulation, competitive bidding, and regulatory treatment of conservation investment and environmental externalities. The modification is 100% general fund.

Local Area Network (LAN) A \$200,000 line item appropriation to replace an obsolete System 36/5360 with a local area network (LAN) microcomputer platform is recommended. This is a 100% general fund modification.

Data Network Services \$2,880 in each year of the biennium for data network services if the local area network modification is approved. The modification is 100% general fund.

# Department of Fish, Wildlife & Parks

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	601.63	599.39	528.73	33.28	562.01	560.43
Personal Services	17,910,497.31	19,093,460	17,062,817	1,063,062	18,125,879	18,144,712
Operating Expenses	12,948,084.65	15,357,793	13,867,352	843,872	14,711,224	12,568,892
Equipment	1,667,140.19	1,630,506	1,656,366	76,666	1,733,032	1,720,412
Capital Outlay	829,151.15	0	0	0	0	0
Grants	432,609.16	1,306,059	1,556,311	10,000	1,566,311	705,000
Benefits and Claims	8,414.00	4,000	10,000	0	10,000	10,000
Transfers	1,033,217.33	1,004,456	3,931,509	157,500	4,089,009	4,541,216
<b>Total Agency Costs</b>	<b>\$34,829,113.79</b>	<b>\$38,396,274</b>	<b>\$38,084,355</b>	<b>\$2,151,100</b>	<b>\$40,235,455</b>	<b>\$37,690,232</b>
General Fund	393,422.13	384,598	421,235	294,083	715,318	718,003
State Special Revenue Fund	23,298,383.21	24,547,137	24,977,498	1,129,824	26,107,322	24,429,622
Federal Special Revenue Fund	8,894,508.18	11,037,757	10,385,902	666,927	11,052,829	10,073,242
Capital Projects Fund	18,204.10	0	0	0	0	0
Proprietary Fund	2,224,596.17	2,426,782	2,299,720	60,266	2,359,986	2,469,365
<b>Total Funding</b>	<b>\$34,829,113.79</b>	<b>\$38,396,274</b>	<b>\$38,084,355</b>	<b>\$2,151,100</b>	<b>\$40,235,455</b>	<b>\$37,690,232</b>
Administration & Finance Div.	4,820,426.52	5,312,255	5,219,716	201,565	5,421,281	5,494,505
Field Services & R-8 Division	2,254,546.02	2,511,316	2,281,471	37,440	2,318,911	2,420,165
Fisheries Division	6,138,652.89	6,924,081	7,092,034	226,692	7,318,726	7,534,202
Law Enforcement Division	4,783,503.00	4,894,028	4,606,802	342,625	4,949,427	4,967,518
Wildlife Division	6,687,388.74	8,044,786	8,645,847	447,251	9,093,098	7,037,349
Parks Division	4,191,076.98	5,304,978	5,711,703	294,083	6,005,786	5,381,447
Capital Outlay	1,907,082.68	843,589	0	0	0	0
Conservation Education Div	1,569,602.00	1,760,564	1,826,256	184,491	2,010,747	1,904,496
Department Management	2,476,834.96	2,800,677	2,700,526	416,953	3,117,479	2,950,550
<b>Total Program Costs</b>	<b>\$34,829,113.79</b>	<b>\$38,396,274</b>	<b>\$38,084,355</b>	<b>\$2,151,100</b>	<b>\$40,235,455</b>	<b>\$37,690,232</b>

**MISSION STATEMENT:** Through our employees and citizen commission, to provide for the stewardship of the fish, wildlife, parks and recreational resources of Montana while contributing to the quality of life for present and future generations.



5201-01 ADMINISTRATION & FINANCE DIV.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	53.08	53.08	51.08	2.30	53.38	53.38
Personal Services	1,386,855.17	1,498,055	1,530,645	56,799	1,587,444	1,592,011
Operating Expenses	2,474,755.06	2,771,766	2,638,386	114,140	2,752,526	2,811,476
Equipment	814,866.29	881,567	810,676	30,626	841,302	841,302
Transfers	143,950.00	160,867	240,009	0	240,009	249,716
<b>Total Agency Costs</b>	<b>\$4,820,426.52</b>	<b>\$5,312,255</b>	<b>\$5,219,716</b>	<b>\$201,565</b>	<b>\$5,421,281</b>	<b>\$5,494,505</b>
State Special Revenue Fund	2,467,484.23	2,670,851	2,762,252	141,299	2,903,551	2,920,828
Federal Special Revenue Fund	609,055.77	680,501	697,276	0	697,276	687,507
Proprietary Fund	1,743,886.52	1,960,903	1,760,188	60,266	1,820,454	1,886,170
<b>Total Funding Costs</b>	<b>\$4,820,426.52</b>	<b>\$5,312,255</b>	<b>\$5,219,716</b>	<b>\$201,565</b>	<b>\$5,421,281</b>	<b>\$5,494,505</b>

**CURRENT LEVEL SERVICES:** An issue with personal services is the elimination of 1.50 FTE and \$41,819 in FY94 and \$41,847 in FY95 as a result of the 5% FTE reductions required by HB02. A modification is being recommended to restore the 1.50 FTE and associated funding.

Overall operating expenditures have increased by approximately \$165,000 in FY94 and \$213,000 in FY95. The majority of the difference between FY92 base and the new biennium is due to the increase in license agent commissions from \$0.30 to \$0.50. Other factors are the increased costs to provide data networking capabilities to all regional headquarters and anticipated increases in fuel and vehicle repair for the vehicle fleet. Offsetting decreases include insurance cost reductions. The main difference between FY94 and FY95 is an increase in the department's insurance rates.

**MODIFIED LEVEL SERVICES:** Automated License Issuing Provides for a feasibility study for computerizing license sales at all 450 license agents throughout the state. Project costs of \$50,000 per year to be financed with state special revenues are requested.

Moose/Sheep/Goat Early Draw Allows the department to move the drawings from August to June for these species. There is an 0.80 FTE and associated operating expenses being requested. Project costs are \$49,480 in FY94 and \$49,491 in FY95 financed with

The equipment budget equals the three year average of \$841,302 for each year of the biennium. Most of the request is to replace fleet vehicles as needed. It also contains the department's computer budget and provides for the replacement of office equipment within the division.

\$65,000 in the transfers category is for authority to spend unanticipated federal and private funds. This is more commonly known as legislative contract authority (LCA), and has been authorized by the legislature for the past 10 years. The balance in this category is for the vehicle differential transfer.

The program funding is 53% state special, 12% federal, and 35% proprietary.

state special revenues.

5% FTE Reduction Restoration of the 1.50 FTE and associated state special revenue as a result of the mandated 5% FTE personal service reduction. Project costs are \$41,819 in FY94 and \$41,847 in FY95. Additional Vehicles Provide additional authority to the vehicle proprietary fund in order to purchase additional vehicles. Project costs are \$60,622 in FY94 and \$82,155 in FY95.

5201-02 FIELD SERVICES & R-8 DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	34.23	34.33	32.83	1.50	34.33	34.33
Personal Services	935,763.83	1,083,306	1,038,745	37,440	1,076,185	1,080,802
Operating Expenses	1,170,615.40	1,413,110	1,200,179	0	1,200,179	1,242,316
Equipment	139,752.79	10,900	32,547	0	32,547	87,047
Benefits and Claims	8,414.00	4,000	10,000	0	10,000	10,000
Total Agency Costs	\$2,254,546.02	\$2,511,316	\$2,281,471	\$37,440	\$2,318,911	\$2,420,165
State Special Revenue Fund	1,712,914.50	1,991,338	1,692,202	37,440	1,729,642	1,761,565
Federal Special Revenue Fund	298,564.70	361,154	434,201	0	434,201	445,145
Proprietary Fund	243,066.82	158,824	155,068	0	155,068	213,455
Total Funding Costs	\$2,254,546.02	\$2,511,316	\$2,281,471	\$37,440	\$2,318,911	\$2,420,165

**CURRENT LEVEL SERVICES:** Approximately \$36,000 was transferred from contracted engineering services to personal services in order to hire an additional engineer. The department thought it more efficient and cost effective to hire an engineer rather than contract. A reduction of 1.50 FTE was made in compliance with the 5% FTE reduction mandated in HB02. This was a state special revenue savings of \$37,440 in FY94 and \$37,522 in FY95. A modification is being requested to restore the 1.50 FTE and associated funding.

Overall operating expenditures increased by approximately \$38,000 in FY94 and \$80,000 in FY95. The increases allow the department to return to the level of expenditure authorized by the 1991 legislature for game damage and block management

**MODIFIED LEVEL SERVICES: 5% FTE Reduction** The department is requesting the restoration of the 1.50 FTE and associated funding that was deducted from the current level budget as the 5%

programs; and also provides for anticipated increases in tax payments on department owned lands and increases expected on lands leased by the department.

The equipment budget is below the three year average of \$121,900. The request for the biennium provides for office equipment; and a new engine for a Super Cub (\$5,500) and Bell 47 helicopter (\$30,000) and a 1500 hour hot-end maintenance for the Hughes 500 helicopter (\$70,000).

Benefits and claims increased by approximately \$1,600 to cover anticipated costs of the livestock insurance program. More private lands will be open to the public through block management, will likely increase the chances for private livestock losses.

personal service reduction mandated by HB02. This amounts to \$37,440 in FY94 and \$37,522 in FY95 of state special revenue.



## 5201-03 FISHERIES DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Modis/Policy	Total	Current Level	Modis/Policy	Total
Full Time Equivalent Employees	132.89	131.55	102.02	6.58	108.60	102.02	6.58	108.60
Personal Services	3,809,097.78	4,079,372	3,252,811	195,521	3,448,332	3,267,766	195,568	3,463,334
Operating Expenses	1,997,716.07	2,552,846	1,919,440	31,171	1,950,611	1,670,680	31,155	1,701,835
Equipment	220,713.04	179,163	218,533	0	218,533	219,033	0	219,033
Grants	111,126.00	112,700	46,250	0	46,250	0	0	0
Transfers	0.00	0	1,655,000	0	1,655,000	2,150,000	0	2,150,000
<b>Total Agency Costs</b>	<b>\$6,138,652.89</b>	<b>\$6,924,081</b>	<b>\$7,092,034</b>	<b>\$226,692</b>	<b>\$7,318,726</b>	<b>\$7,307,479</b>	<b>\$226,723</b>	<b>\$7,534,202</b>
State Special Revenue Fund	2,824,477.11	2,950,514	3,388,053	93,576	3,481,629	3,784,928	93,583	3,878,511
Federal Special Revenue Fund	3,295,971.68	3,973,567	3,703,981	133,116	3,837,097	3,522,551	133,140	3,655,691
Capital Projects Fund	18,204.10	0	0	0	0	0	0	0
<b>Total Funding Costs</b>	<b>\$6,138,652.89</b>	<b>\$6,924,081</b>	<b>\$7,092,034</b>	<b>\$226,692</b>	<b>\$7,318,726</b>	<b>\$7,307,479</b>	<b>\$226,723</b>	<b>\$7,534,202</b>

**CURRENT LEVEL SERVICES:** Personal services are reduced by 5.08 FTE and associated funding of \$149,111 in each year of the biennium as required by HB02. The savings is supported by approximately 49% state special and 51% federal funds. A modification is being recommended to restore the FTE and associated funding.

The agency is requesting four biennial appropriations: 1) Water reservations of the lower Missouri basin and Little Missouri basin to be conducted by the Department of Natural Resources and Conservation (DNRC). DNRC expects to ask the 1993 legislature for a one year extension. A biennial appropriation of \$46,250 would allow the agency the flexibility to expend funds as the project is completed by DNRC.

2) \$55,000 to hire consultants to prepare environmental assessments (EA) under the rules of the Montana Environmental Policy Act. As it is impossible to predict when and if an EA or environmental impact statement (EIS) is needed, the biennial appropriation gives the agency the flexibility to expend the funds as needed.

3) \$30,000 for purchasing water leases. The agency does not know when a water lease possibility will arise and if or when it will be consummated. These funds are for the actual lease of water.

4) \$60,000 to study the feasibility of leasing water should the opportunity arise. \$75,000 is being requested in FY94 for the printing of fishing regulations, which is usually done during even

numbered years, and \$8,000 in FY95 for the addendum. \$100,000 is budgeted in FY94 for the angler harvest survey conducted in the even number years and \$55,000 in FY95 for the data analyses.

The equipment request of the Fisheries Division is \$218,533 in FY94 and \$219,033 in FY95, slightly below the three year average of \$219,428. \$43,950 in FY94 and \$30,000 in FY95 is being requested for boats, motors, and boat trailers used for fish population monitoring, egg collection, electrofishing, creel census, and other fisheries related work. \$117,666 in FY94 and \$115,426 in FY95 for equipment related to fish rearing and distribution for the state hatchery program. The request for field survey equipment for electrofishing, netting, trapping, and other means of monitoring fish populations, abundance, size, and growth patterns as well as other equipment is \$53,550 in FY94 and \$70,240 in FY95. The agency is also requesting \$3,367 of computer software in each year of the biennium.

\$1,655,000 in FY94 and \$2,150,000 in FY95 coded to the transfers category is for authority to spend unanticipated federal, private, and mitigation funds. This is more commonly known as legislative contract authority (LCA) and has been authorized by the legislature for the past 10 years.

The FY94 budget request is funded 49% state special revenue and 51% federal funds, while the FY95 request is 51% state special revenue and 49% federal funds.



establishing the value of resources lost to hazardous wastes in the Clark Fork floodplain because of past abuses of the mining industry. The department is requesting 1.00 FTE and \$50,915 in FY94 and \$50,946 in FY95 financed with state special and federal Dingell-Johnson revenues.

**5% Reduction** The department is requesting the restoration of the 5.08 FTE and associated funding, \$149,111 in each year, that was deducted as a result of the 5% reduction mandated in HB02. The positions are financed with state special revenues and federal funds.

Clark Fork River Investigation Allows the department to continue accumulating information needed to assist the state's effort in

## 5201-04 LAW ENFORCEMENT DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	96.19	95.83	92.51	5.32	97.83	92.51	5.32	97.83
Personal Services	3,582,799.90	3,719,913	3,369,018	197,345	3,566,363	3,378,459	198,259	3,576,718
Operating Expenses	1,095,913.62	1,077,054	1,051,783	144,880	1,196,663	1,061,485	144,821	1,206,306
Equipment	104,789.48	97,061	131,001	400	131,401	129,094	400	129,494
Transfers	0.00	0	55,000	0	55,000	55,000	0	55,000
<b>Total Agency Costs</b>	<b>\$4,783,503.00</b>	<b>\$4,894,028</b>	<b>\$4,606,802</b>	<b>\$342,625</b>	<b>\$4,949,427</b>	<b>\$4,624,038</b>	<b>\$343,480</b>	<b>\$4,967,518</b>
State Special Revenue Fund	4,591,941.99	4,668,315	4,374,110	336,473	4,710,583	4,392,165	337,287	4,729,452
Federal Special Revenue Fund	191,561.01	225,713	232,692	6,152	238,844	231,873	6,193	238,066
<b>Total Funding Costs</b>	<b>\$4,783,503.00</b>	<b>\$4,894,028</b>	<b>\$4,606,802</b>	<b>\$342,625</b>	<b>\$4,949,427</b>	<b>\$4,624,038</b>	<b>\$343,480</b>	<b>\$4,967,518</b>

**CURRENT LEVEL SERVICES:** Personal service changes include the deduction of 3.32 FTE and \$130,625 in FY94 and \$131,488 in FY95 as a result of the 5% FTE personal service reduction requirement in HB02. Differential pay at \$50,000 per year will compensate wardens for working six major holidays which is an increase of one over the 1993 biennium - Thanksgiving was added. A modification is being recommended to reinstate the 3.32 FTE and associated funding reduction.

The operating expense requests for FY94 and FY95 are less than FY92 actual.

The equipment request is for \$131,401 in FY94 and \$129,494 in FY95 which is slightly less than the three year average of \$133,991. \$40,000 in each year for the replacement of snowmobiles; \$31,000 in FY94 and \$19,000 in FY95 all-terrain vehicles and trail bikes; \$16,200 in FY94 and \$22,800 in FY95 for mobile and hand held radios; law enforcement equipment \$2,000 in FY94 and \$7,800 in FY95; \$7,700 in FY94 and \$11,400 in FY95 for horse and utility trailers; five horses, three in FY94 for \$4,500 and two in FY95 for \$3,000; \$25,800 in FY94 and \$23,200 in FY95 for boats and motors; the agency is also requesting some office equipment and computer software. The

\$55,000 requested in each year of the biennium and coded to the transfers category is for authority to spend unanticipated federal and private funds. This budget is referred to as Legislative Contract Authority (LCA), and has been authorized by the

legislature over the past 10 years.

The proposal is supported with state special revenue, the LCA with federal funds.

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**MODIFIED LEVEL SERVICES:**      Enforcement      Activities  
Approximately \$100,000 of the total modification will be used to bolster the operating budgets of field wardens. The remainder is for an additional investigator to help curb illegal trafficking in fish and wildlife statewide. There are 1.00 FTE and operating expenses supported with \$140,000 of state special revenue in each year of the biennium.

Field Warden Add one field warden to address law enforcement problems in northwest and northcentral Montana. With some shifting of responsibilities of existing staff, this modification will provide more enforcement in the Kalispell area, where changing land ownership patterns require more attention to resolve conflicts of wildlife depredation, trespass complaints, and human encounters with mountain lions and bears. The modification includes 1.00 FTE and operating expenses supported with \$45,000 of state special revenue in each year of the biennium.

Warden Relocation Relocation of game wardens has become a

major expense for the Law Enforcement Division over the past five fiscal years. Relocation costs include the actual cost of moving the warden's family and their personal possessions across the state. During the 1995 biennium there is expected to be an above average number of retirements in each year. The 1991 legislature authorized a budget of \$27,000 in each year with special language that it be re-authorized by the 1993 Legislature. The modification would be supported with the state special revenue.

5% Reduction The department is requesting the restoration of the 3.32 FTE and associated funding was deducted from the current level budget as the 5% personal service reduction mandated by HB02. The funding is 100% state special revenue.

Statutory Appropriation A percentage of fishing and hunting fines are transferred to finance the unfunded liability in the wardens' retirement system. These payments are statutory in 19-8-504, MCA. \$275,000 is requested for each year.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	114.14	111.89	93.57	7.59	101.16	93.58
Personal Services	3,499,584.70	3,691,925	3,129,210	247,397	3,376,607	3,341,148
Operating Expenses	2,991,383.78	4,008,689	3,749,867	199,854	3,949,721	2,027,176
Equipment	137,037.62	170,282	147,770	0	147,770	102,525
Grants	59,382.64	173,890	35,000	0	35,000	35,000
Transfers	0.00	0	1,584,000	0	1,584,000	1,531,500
<b>Total Agency Costs</b>	<b>\$6,687,388.74</b>	<b>\$8,044,786</b>	<b>\$8,645,847</b>	<b>\$447,251</b>	<b>\$9,093,098</b>	<b>\$7,037,349</b>
State Special Revenue Fund	3,641,672.41	4,458,982	5,572,237	144,592	5,716,829	3,802,672
Federal Special Revenue Fund	3,045,716.33	3,585,804	3,073,610	302,659	3,376,269	3,234,677
<b>Total Funding Costs</b>	<b>\$6,687,388.74</b>	<b>\$8,044,786</b>	<b>\$8,645,847</b>	<b>\$447,251</b>	<b>\$9,093,098</b>	<b>\$7,037,349</b>

**CURRENT LEVEL SERVICES:** Changes in personal services include the reduction of 5.01 FTE and \$172,251 each year of the biennium as a result of the 5% personal service reduction required by HB02. The savings is 44% state special and 56% federal funds.

The significant difference in operating expenses for FY94 as compared to FY92 actual expenditures is the agency's request for a biennial appropriation for \$1,840,318 of upland game bird funds. The upland game bird project has two primary emphasis areas: habitat development and cost sharing of pheasant releases. Both these efforts are directed at working with private landowners and local SCS offices. The FY95 operating expense request is less than FY92 actual.

The equipment request for this program is \$147,770 for FY94 and \$102,525 in FY95. The agency is requesting a variety of equipment that falls into the categories of communications, educational and recreational, marine, trailers and campers, scientific apparatus, horses, and computer software.

**MODIFIED LEVEL SERVICES:** Wildlife Management EIS The development and final documentation of the Wildlife Management Programmatic EIS will conclude in the 1995 biennium. The initial

\$35,000 is requested in each year of the biennium for the student stipend program with the university system. A lower state participation cost has resulted from matching department funds with federal agency challenge cost share. The federal funds are obligated one year at a time and cannot be counted on for the three year commitment needed in the project. The department will continue to cost share when possible, but needs the authority to cover the program if federal funds are not available.

Transfer authority of \$1,584,000 in FY94, and \$1,531,500 in FY95 is for spending unanticipated federal, private, and mitigation trust funds. This budget item is referred to as Legislative Contract Authority (LCA), and has been authorized by the legislature over the past 10 years.

The program is funded 45% federal and 55% state special revenue, excluding the upland game bird funding for the biennial appropriation.

efforts of this project were implemented through a budget supplemental request and were not considered current level. For FY94, 2.58 FTE and operating expenses totaling \$275,000 are



requested; the FY95 request is \$120,000 for 1.00 FTE and operating expenses. Financing is state special and federal revenues.

5% Reduction The department is requesting the restoration of the

## 5201-06 PARKS DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	97.67	97.53	92.79	4.99	97.78	97.78
Personal Services	2,314,697.64	2,398,120	2,463,395	113,630	2,577,025	2,590,712
Operating Expenses	1,617,435.58	1,931,348	1,633,526	147,313	1,780,839	1,855,513
Equipment	179,006.77	230,313	254,782	33,140	287,922	275,222
Grants	79,936.99	745,197	1,200,000	0	1,200,000	500,000
Transfers	0.00	0	160,000	0	160,000	160,000
Total Agency Costs	\$4,191,076.98	\$5,304,978	\$5,711,703	\$294,083	\$6,005,786	\$5,381,447
General Fund	393,422.13	384,598	421,235	294,083	715,318	718,003
State Special Revenue Fund	3,432,626.33	3,810,654	3,661,804	0	3,661,804	3,689,504
Federal Special Revenue Fund	127,385.69	802,671	1,244,200	0	1,244,200	604,200
Proprietary Fund	237,642.83	307,055	384,464	0	384,464	369,740
Total Funding Costs	\$4,191,076.98	\$5,304,978	\$5,711,703	\$294,083	\$6,005,786	\$5,381,447

**CURRENT LEVEL SERVICES:** The Parks Division is eliminating 4.99 FTE and approximately \$119,000 from each year of the biennium as the 5% personal service reduction required in HB02.

Operating expenses will decrease as a result of inadequate revenue sources available to maintain current level services through the 1995 biennium. A total reduction of \$274,704 was taken in FY94 and \$274,205 in FY95, of which \$147,313 supported operating expenses. The budget does, however, show a projected \$100,000 increase each year in the snowmobile program for trail grooming.

The Parks Division's equipment request for the next biennium is \$254,782 in FY94 and \$227,932 in FY95, which includes \$90,000 in each year of the biennium to purchase snow removal equipment to groom snowmobile trails using snow groomer proprietary funds. Primarily the division is requesting replacement of a variety of worn out equipment used in the maintenance and

operations of state parks, i.e., ground mower, utility raft, lowboy trailer, flail mower, lawn movers, generators, pressure washers.

The department is requesting a biennial \$700,000 appropriation for the distribution of Land and Water Conservation Fund (LWCF) federal grants to cities, towns, counties, and school districts. National and Community Services Act funds, estimated to be \$500,000 in each year of the biennium, will pass through the department to Montana Conservation Corps (MCC), Inc. for costs related to projects performed by the non-profit organization's crews. MCC is a new program and was not authorized in FY92.

The \$160,000 in the transfers category is for authority to spend unanticipated federal and private funds. This is more commonly known as legislative contract authority (LCA), and has been authorized by the legislature for the past 10 years.

**MODIFIED LEVEL SERVICES:** Expand Fishing Sites The purpose of this modification is to expend \$60,000 of federal Dingle Johnson funds for the operation and maintenance of fishing access

sites beginning in FY95. This would be a permanent use of federal funds to help maintain state sites.

## POLICY INITIATIVE

Montana State Parks will continue to operate at present level for the use and enjoyment of Montana's citizens and visitors.

### *Parks revenue shortfall continues*

There is a revenue shortfall in the current level budget due to reduced interest earnings from the coal trust account and to spending one-time cash in the state special revenue account. The 1990 State Park Futures Committee reported on the critical, unfunded development and maintenance needs of the state parks. The 1991 Legislature took actions on some of the funding initiatives put forth by the futures committee. Subsequent to the report, the Parks Division has taken significant action on its own to help the struggling park system. But these actions are not enough. To meet the objectives laid out by the futures committee, additional revenue sources are required. This initiative recommends one option.

### *Reported in detail by 1990 State Park Futures Committee*

*Visitors to state parks are increasing more than 10% per year*

Visitors to state parks are increasing more than 10% per year, with people coming from across the country and around the world for specific purposes--dinosaur digs, Bannack, trout streams, etc. Parks visitors help support the growing tourism portion of Montana's economy.

*Parks conserve scenic, historic, archaeologic, scientific and recreational resources*

The purpose of the parks program is to conserve the scenic, historic, archaeologic, scientific, and recreational resources of the state and provide for their use and enjoyment, thereby contributing to the cultural, recreational and economic life of the people and their health. There are 44 parks and eight affiliated lands including natural, recreational and cultural sites, plus over 300 fishing access sites and motorized and non-motorized statewide trails.

*Actions minimize state funds required--transfer sites, partnerships, private fund-raising, increased fees, etc.*

Actions taken by the Parks Division to minimize the amount of state funds required include: transfer of several sites to counties, cities, and federal agencies; formation of public-private partnerships (e.g., Ted Turner purchased and protected the balance of the Ulm Pishkun buffalo jump that the state couldn't afford); private fund-raising projects including preparation and sale of the Lewis and Clark Caverns documentary video; adjustment in the fee system and increased fees; increased marketing efforts; sale of goods for revenue; and increased concession fees.

*Current level operations.  
General fund cost: \$294,083 in FY94 \$303,459 in FY95  
contingent on tax reform*

This policy initiative recommends general fund of \$294,083 in FY94 and \$303,459 in FY95 for 4.99 FTE and operating expenses to maintain the Parks Division at current level operations. The initiative would use sales tax revenue on accommodations and is contingent upon tax reform revenue.



## 5201-07 CAPITAL OUTLAY

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Personal Services	950.00	0	0	0	0	0
Operating Expenses	187,714.20	0	0	0	0	0
Capital Outlay	829,151.15	0	0	0	0	0
Transfers	889,267.33	843,589	0	0	0	0
<b>Total Agency Costs</b>	<b>\$1,907,082.68</b>	<b>\$843,589</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	1,452,412.82	435,615	0	0	0	0
Federal Special Revenue Fund	454,669.86	407,974	0	0	0	0
<b>Total Funding Costs</b>	<b>\$1,907,082.68</b>	<b>\$843,589</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The 1989 bond sales will require semi-annual payments during the 1995 biennium. The department makes monthly payments to the Department of Administration.

The funding for these payments is approximately 48% state special revenue and 52% federal funds.

## 5201-08 CONSERVATION EDUCATION DIV

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	26.27	25.52	24.65	.50	25.15	24.65	.50	25.15
Personal Services	857,001.01	887,322	877,001	20,991	897,992	878,970	21,005	899,975
Operating Expenses	684,852.64	739,970	732,337	163,500	895,837	736,564	163,500	900,064
Equipment	27,748.35	19,000	21,857	0	21,857	24,457	0	24,457
Grants	0.00	114,272	115,061	0	115,061	0	0	0
Transfers	0.00	0	80,000	0	80,000	80,000	0	80,000
<b>Total Agency Costs</b>	<b>\$1,569,602.00</b>	<b>\$1,760,564</b>	<b>\$1,826,256</b>	<b>\$184,491</b>	<b>\$2,010,747</b>	<b>\$1,719,991</b>	<b>\$184,505</b>	<b>\$1,904,496</b>
State Special Revenue Fund	1,364,989.57	1,558,857	1,596,998	116,991	1,713,989	1,484,905	117,005	1,601,910
Federal Special Revenue Fund	204,612.43	201,707	229,258	67,500	296,758	235,086	67,500	302,586
<b>Total Funding Costs</b>	<b>\$1,569,602.00</b>	<b>\$1,760,564</b>	<b>\$1,826,256</b>	<b>\$184,491</b>	<b>\$2,010,747</b>	<b>\$1,719,991</b>	<b>\$184,505</b>	<b>\$1,904,496</b>

**CURRENT LEVEL SERVICES:** Personal services of the Conservation Education Division will be reduced by 0.50 FTE and approximately \$21,000 in each year of the biennium in compliance with the 5%

reduction requirement of HB2. A modification to restore the position and the associated funding is being recommended.



Additional revenues generated by specific user groups enabled the division to expand the Watchable Wildlife and Bowhunter Education programs. The estimated additional \$12,000 available for bowhunter education could be used for such activities as the production of Montana specific videos and public service announcements on bowhunting, printing Montana specific student/instructor materials, student books, handouts, and other materials. The additional \$12,000 for the Watchable Wildlife program would provide monies to develop appropriate interpretive messages (exhibits, wayside panels, brochures) at FWP sites. Other increases in the operating expenses can be contributed to increased fixed costs and approximately \$5,000 to continue improving communications with license agents in the state.

The division is requesting \$2,500 for educational equipment in

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**MODIFIED LEVEL SERVICES:** Youth Education Improves the effectiveness of the department's youth education effort by emphasizing three areas - aquatic education, Project Excellence, and a youth magazine. The aquatic education segment is the largest and includes \$67,500 of federal Dingell-Johnson funds. The related matching dollars will be provided by donation labor from volunteers in our current education program. Project Excellence and the youth magazine are 100% state funded.

Montana Outdoors Promotion The purpose of the modification is to increase the subscribership to Montana Outdoors. Working with

each year of the biennium, \$14,270 in FY94 and \$21,870 in FY95 for photographic equipment, and \$5,000 in FY94 for additional films/videos for the department film library.

A biennial appropriation in the amount of \$120,061 is being request for the Shooting Range program. Grants are awarded to local groups for the development of shooting range facilities. FY94 activities will concentrate on the solicitation of grant applications, with grants are being awarded and expenditures incurred during FY95. It is anticipated that \$115,000 in grants will be awarded.

The \$80,000 in the transfers category is for authority to spend unanticipated federal and private funds. This is more commonly known as legislative contract authority (LCA) and has been authorized by the legislature for the past 10 years.

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a subscription fulfillment consultant, and based on previous experience with direct mail promotions, the department estimates that with an expenditure of \$25,000 in each year of the biennium they could expect 7,000 new subscribers. The modification would be supported with state special revenue.

**5% Reduction** The department is requesting the restoration of the 0.50 FTE and associated funding that was deducted from the current level budget as the 5% personal service reduction mandated by HB02. The reduction is supported with state special revenue.

# 5201-09 DEPARTMENT MANAGEMENT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	47.16	49.66	39.28	4.50	43.78	4.50
Personal Services	1,523,747.28	1,735,447	1,401,992	193,939	1,595,931	194,172
Operating Expenses	727,698.30	863,010	941,834	43,014	984,848	42,999
Equipment	43,225.85	42,220	39,200	12,500	51,700	12,500
Grants	182,163.53	160,000	160,000	10,000	170,000	10,000
Transfers	0.00	0	157,500	157,500	315,000	157,500
Total Agency Costs	\$2,476,834.96	\$2,800,677	\$2,700,526	\$416,953	\$3,117,479	\$417,171
State Special Revenue Fund	1,809,864.25	2,002,011	1,929,842	259,453	2,189,295	259,671
Federal Special Revenue Fund	666,970.71	798,666	770,684	157,500	928,184	157,500
Total Funding Costs	\$2,476,834.96	\$2,800,677	\$2,700,526	\$416,953	\$3,117,479	\$417,171
					\$2,533,379	\$2,950,550

**CURRENT LEVEL SERVICES:** The department is requesting a \$170,000 biennial appropriation in connection with the Sikes Act which was created by federal legislation to promote state/federal cooperation for habitat projects. BLM and USFS have cooperated on projects in the past which have enhanced wildlife habitat. Both agencies are committed to future projects as well. \$150,000 of the requested appropriation are state special funds, \$20,000 federal funds.

Personal services are impacted by the reduction of 3.50 FTE and approximately \$174,000 per year as directed by HB02. A base adjustment of 1.00 FTE and approximately \$19,500 to support the position is requested as a conversion from contracted services. The department believes that would be more efficient to hire clerical help rather than contract. The contracted services cost category has been reduced by a like amount. A modification is being recommended to restore the 3.50 FTE and associated funding.

Operating costs increase by approximate \$236,000 in FY94 and \$75,000 in FY95 as compared to FY92 actual. The \$170,000

Sikes Act biennial appropriation is the significant difference in FY94. The remaining differences can be attributed to fixed cost increases at seven regional headquarter buildings across the state; contracted services for Native American liaison and technical assistance, the land management program - cooperative effort with USFS and BLM, and policy research and position development on endangered species.

The equipment budget of \$39,200 in FY94 and \$28,832 in FY95 will provide for the replacement of two copy machines in two regions per year; replacement of office equipment in the regional offices and the Helena central office; TV/VCR combinations to be used for regional meetings, training, and public meetings; a FAX for region 8; new safes to safeguard license stock and cash at regional offices; and computer software upgrades.

The \$157,500 in the transfers category is for authority to spend unanticipated federal and private funds. This is more commonly known as legislative contract authority (LCA), and has been authorized by the legislature for about ten years.

**MODIFIED LEVEL SERVICES:** Clerical/Public Assistance The 1.00 FTE and contracted services will provide needed services to the public - additional assistance at customer service desks, clerical support for enforcement activities, and establishing residency of hunter and fishermen by searching through license records and providing copies to wardens for field investigations. The \$40,000 requested for this modification would be state special revenue.

Geographic Information System Allows the department to continue developing an information data base on department owned lands.

This project was authorized by the 1991 Legislature with special language that it be re-authorized by the 1993 Legislature. Project costs are \$45,000 per year financed with state special revenue.

**5% Reduction** The department is requesting the restoration of the 3.50 FTE and associated funding that was deducted from the current level budget as the 5% personal service reduction mandated by HB02. cut as a result of HB02 be restored. The \$174,453 in FY94 and the \$174,671 in FY95 are supported with state special revenue.



## Department of State Lands

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	362.01	372.78	351.53	14.72	366.25	351.53	15.31	366.84
Personal Services	11,605,162.25	10,434,937	10,928,322	410,099	11,338,421	10,974,523	428,900	11,403,423
Operating Expenses	10,814,022.11	11,925,655	12,595,231	93,350	12,688,581	8,994,398	129,805	9,124,203
Equipment	852,285.06	762,137	730,321	308,314	1,038,635	691,477	285,000	976,477
Capital Outlay	2,891.40	5,005,000	5,000	0	5,000	5,000	0	5,000
Grants	265,000.00	265,000	265,000	0	265,000	265,000	0	265,000
Transfers	10,000.00	44,000	110,000	0	110,000	110,000	0	110,000
Total Agency Costs	\$23,549,360.82	\$28,436,729	\$24,633,874	\$811,763	\$25,445,637	\$21,040,398	\$843,705	\$21,884,103
General Fund	14,493,113.79	9,383,083	9,384,541	296,570	9,681,111	9,423,194	273,365	9,696,559
State Special Revenue Fund	4,587,158.21	8,516,501	8,247,348	254,604	8,501,952	4,591,253	255,541	4,846,794
Federal Special Revenue Fund	4,190,897.26	10,065,870	6,826,971	187,722	7,014,693	6,845,356	183,137	7,028,493
Capital Projects Fund	43,516.69	83,678	0	0	0	0	0	0
Proprietary Fund	234,674.87	387,597	175,014	72,867	247,881	180,595	131,662	312,257
Total Funding	\$23,549,360.82	\$28,436,729	\$24,633,874	\$811,763	\$25,445,637	\$21,040,398	\$843,705	\$21,884,103
Central Management Program	2,238,967.74	2,371,814	1,905,482	132,553	2,038,035	1,863,706	172,331	2,036,037
Reclamation Program	4,648,290.97	13,357,078	10,896,305	171,724	11,068,029	7,244,213	167,038	7,411,251
Land Administration Pgm	1,039,132.13	1,239,856	1,322,255	78,350	1,400,605	1,321,518	74,557	1,396,075
Forestry	15,622,969.98	11,467,981	10,509,832	429,136	10,938,968	10,610,961	429,779	11,040,740
Total Program Costs	\$23,549,360.82	\$28,436,729	\$24,633,874	\$811,763	\$25,445,637	\$21,040,398	\$843,705	\$21,884,103

**MISSION STATEMENT:** To manage the lands held by the state in trust for the support of the common schools and other institutions; to regulate mining conducted on private, state and federal lands; to prevent fire through suppression on certain private, state and federal lands; and to regulate and assist private forest landowners.

## 5501-01 CENTRAL MANAGEMENT PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	31.16	32.16	29.26	1.26	30.52	29.26	1.85	31.11
Personal Services	994,095.49	959,055	1,065,011	37,653	1,102,664	1,070,725	55,571	1,126,296
Operating Expenses	959,527.95	1,126,759	560,871	80,200	641,071	518,581	116,760	635,341
Equipment	20,344.30	21,000	14,600	14,700	29,300	9,400	0	9,400
Grants	265,000.00	265,000	265,000	0	265,000	265,000	0	265,000
<b>Total Agency Costs</b>	<b>\$2,238,967.74</b>	<b>\$2,371,814</b>	<b>\$1,905,482</b>	<b>\$132,553</b>	<b>\$2,038,035</b>	<b>\$1,863,706</b>	<b>\$172,331</b>	<b>\$2,036,037</b>
General Fund	1,717,246.15	1,450,074	1,535,395	54,705	1,590,100	1,491,408	31,445	1,522,853
State Special Revenue Fund	126,109.03	137,302	75,073	4,981	80,054	71,703	9,224	80,927
Federal Special Revenue Fund	117,421.00	313,163	120,000	0	120,000	120,000	0	120,000
Capital Projects Fund	43,516.69	83,678	0	0	0	0	0	0
Proprietary Fund	234,674.87	387,597	175,014	72,867	247,881	180,595	131,662	312,257
<b>Total Funding Costs</b>	<b>\$2,238,967.74</b>	<b>\$2,371,814</b>	<b>\$1,905,482</b>	<b>\$132,553</b>	<b>\$2,038,035</b>	<b>\$1,863,706</b>	<b>\$172,331</b>	<b>\$2,036,037</b>

**CURRENT LEVEL SERVICES:** FTE have been reduced by 1.74 in compliance with HB02 5% personal service reductions. This amounts to a general fund savings of \$54,231 in FY94 and \$54,515 in FY95.

The Central Management Program has reallocated the rent and utility expenses for the Helena office to the Central Management Division, Lands Division, and the Reclamation Division based upon actual square footage assigned to each division. Reductions of \$83,000 for each year of the biennium are reflected in this budget request.

The equipment recommendations of \$14,600 in FY94 and \$9,400 in FY95 are below the three year average of \$24,437.

**MODIFIED LEVEL SERVICES:** Helicopter Development \$59,686 in FY94 and \$99,229 in FY95 is being requested for the development of two federal excess helicopters. If approved, an existing contracted helicopter in Kalispell will be replaced for a general fund savings of \$4,000 in FY94 and \$28,000 in FY95. The anticipated savings has been reduced from the Forestry Division budget. The

The recommendation includes an \$8,500 helicopter mover to safely relocate the helicopters and fixed wing craft, and \$6,100 in FY94 and \$9,400 in FY95 for computers and terminals.

Grants continue at the \$265,000 level for state land equalization payments to counties in lieu of taxes, pursuant to 77-1-501, MCA.

The program is supported by \$75,073 in FY94 and \$71,703 in FY95 of state special revenue which is that portion of the resource development fund which is appropriated for operation and continuing development of the trust land management system. General fund supports the balance of the program.

intent of this modified is to provide rapid initial attack on wildland fires within the Missoula and Kalispell fire protection areas. General fund will amount to \$54,705 in FY94 and \$31,445 in FY95, state special amounts to \$4,981 in FY94 and \$9,224 in FY95, and the balance of FY95 will be supported by proprietary funds.



**Maintenance Facility** A Department of State Lands budget amendment for a leased maintenance facility was approved by the Legislative Finance Committee in June, 1992. This modification will continue the maintenance facility lease. The agreement provides 72,000 square feet of hangar space, office, and miscellaneous area for mechanical maintenance. The purpose is to

provide indoor storage of department aircraft during adverse weather conditions and to provide an area for maintenance and repair. The additional FTE will enable the department to hire part-time mechanics to perform existing mechanic services previously provided by contract. The modification will be supported by proprietary funds.

#### 5501-03 RECLAMATION PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	52.62	55.00	50.93	5.07	56.00	56.00
Personal Services	1,531,645.38	1,744,693	1,814,994	156,360	1,971,354	1,975,713
Operating Expenses	2,964,152.98	6,528,528	8,986,800	10,550	8,997,350	5,356,962
Equipment	142,492.61	83,857	84,511	4,814	89,325	68,576
Capital Outlay	0.00	5,000,000	0	0	0	0
Transfers	10,000.00	0	10,000	0	10,000	10,000
<b>Total Agency Costs</b>	<b>\$4,648,290.97</b>	<b>\$13,357,078</b>	<b>\$10,896,305</b>	<b>\$171,724</b>	<b>\$11,068,029</b>	<b>\$7,411,251</b>
General Fund	279,571.20	241,192	390,217	6,057	396,274	388,007
State Special Revenue Fund	1,310,314.52	4,403,736	4,756,140	64,648	4,820,788	1,158,603
Federal Special Revenue Fund	3,058,405.25	8,712,150	5,749,948	101,019	5,850,967	5,864,641
<b>Total Funding Costs</b>	<b>\$4,648,290.97</b>	<b>\$13,357,078</b>	<b>\$10,896,305</b>	<b>\$171,724</b>	<b>\$11,068,029</b>	<b>\$7,411,251</b>

**CURRENT LEVEL SERVICES:** The Reclamation Division recommended budget includes biennial appropriation requests for the expenditure of \$150,000 in collected fines, fees, and penalties for emergency situations (state special); \$500,000 for bond forfeiture projects (state special); and \$3,000,000 for environmental compliance (MEPA) activities also supported with state special revenue.

In the area of abandoned mine reclamation, the division is requesting \$1,500,000 in each year of the biennium to contract for site surveys, field investigations and inventories, project design, land ownership analyses and consent agreements, environmental assessments, construction cost estimates and inspections, and final project reporting. \$3,000,000 in each year of the biennium is requested for actual construction on abandoned mine sites. Both projects will be 100% federal funded.

The FY92 FTE level is reduced by 3.07 FTE in FY94 and FY95 in

accordance with HB02 5% personal service reduction. Personal services will be reduced by a total of \$90,250 in FY94 and \$90,348 in FY95. The funding split is 7% general fund, 25% state special, and 68% federal funds. A modification for the restoration of the positions and funding is being recommended.

Other significant operating expenses include \$106,624 in each year for water quality and air quality liaison positions with the Department of Health and Environmental Sciences (DHES), \$88,549 for professional consultants with specific technical expertise, university summer interns for special projects, and the department's share of the on-going development and maintenance of the NRIS database. \$27,892 in FY94 and FY95 for anticipated legal fees and court costs related to several major mine permitting decisions. Increases of \$55,757 in each year of the biennium for office rent, utilities, and janitorial services as a result of the allocation of the costs by the Centralized Management Division.



The equipment budget request is \$84,511 in FY94 and \$68,576 in FY95. This includes the replacement of three vehicles in FY94 and two in FY95; the replacement of computer equipment in both years of the biennium; replacement of office equipment; \$10,000 for the replacement of survey equipment in FY95; and \$1,600 in FY95 to replace the pH, conductivity, and dissolved oxygen meters. The three year equipment average for this program is \$121,166.

**MODIFIED LEVEL SERVICES:** Reclamation Attorney Addition of 1.00 FTE, an attorney position which will allow for internal Potentially Responsible Party (PRP) determinations pursuant to state and federal statutes. \$39,869 in FY94 and \$35,085 in FY95 of federal funds will support the modification.

Environmental Compliance An additional FTE and operating expenses is recommended to assist in fulfilling the Reclamation Division's environmental compliance requirements.

#### 5501-04 LAND ADMINISTRATION PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	31.37	34.62	31.77	2.60	34.37	34.37
Personal Services	820,192.65	949,273	991,462	71,950	1,063,412	1,066,428
Operating Expenses	168,449.83	264,983	277,393	2,600	279,993	282,856
Equipment	47,598.25	20,600	48,400	3,800	52,200	41,791
Capital Outlay	2,891.40	5,000	5,000	0	5,000	5,000
Total Agency Costs	\$1,039,132.13	\$1,239,856	\$1,322,255	\$78,350	\$1,400,605	\$1,396,075
General Fund	783,171.54	830,584	1,047,255	45,808	1,093,063	1,092,376
State Special Revenue Fund	242,216.94	393,016	275,000	32,542	307,542	303,699
Federal Special Revenue Fund	13,743.65	16,256	0	0	0	0
Total Funding Costs	\$1,039,132.13	\$1,239,856	\$1,322,255	\$78,350	\$1,400,605	\$1,396,075

**CURRENT LEVEL SERVICES:** The FY92 FTE level was reduced by 1.60 FTE in compliance with the HB02 mandated 5% personal service reduction. This is a general fund reduction of \$45,808 in

\$10,000 will be transferred each year of the biennium to the Montana State Library for Geographic Information System (GIS) maintenance.

The funding split for this program is approximately 3% general fund, 44% state special, and 53% federal in FY94; and 5% general fund, 15% state special, and 80% federal funds in FY95.

The expenses will be supported with state special revenue, \$41,605 in each year of the biennium.

5% Reduction The division is requesting the restoration of the 3.07 FTE and associated funding that was deducted from the current level budget as the 5% personal service reduction mandated by HB02. The funding is: general fund \$6,057 in FY94 and \$6,062 in FY95, state special of \$23,043 in FY94 and \$23,063 in FY95, and federal funding of \$61,150 in FY94 and \$61,223 in FY95.

FY94 and \$45,858 in FY95, and state special is reduced by \$1,870 in FY94 and \$1,875 in FY95. A modification to restore the FTE and funding is being recommended.

Significant increases in operating expenses include \$68,598 each year for a portion of the Helena office rent, utilities, and janitorial services as a result of the allocation of these costs by the Centralized Management Division; contracted services increase by \$25,000 in each year of the biennium for cabinsite/homesite sales; and various operating expenses that are annualized in the budget recommend to support the 4.75 FTE that were phased in during FY92.

The equipment recommendation includes the replacement of two vehicles in FY94 and one in FY95; the replacement of two three-wheel all terrain vehicles (ATV) in FY94 and three in FY95 with four-wheel ATV's; a copy machine and FAX for the Havre office and a FAX for Conrad in FY94; \$6,000 in FY94 and \$9,457 in FY95 for the replacement of computers and printers; \$2,000 in FY95 for an electronic planimeter to replace a manual one; and

\$2,434 in FY95 for monitoring equipment to detect hazardous gases.

Capital outlay funds of \$4,610 in each year of the biennium will be utilized to pay assessments against improvements on trust lands and the actual sale of subdivided lots and/or development of commercial leases in or near city limits.

This program is supported 79% general fund and 21% state special.

Authorizing legislation is being proposed that would allow the use of a portion of the revenues deposited in the trust and legacy fund, to be used for the administrative support of this program and the Forestry Division. The legislation would include a limit on the amount of funds available for use by the department.

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**MODIFIED LEVEL SERVICES:** Federal Farm Program This modification is supported 100% by state special revenue. It recommends 1.00 FTE and operating expenses totaling \$30,672 in FY94 and \$26,824 in FY95. The school trust lands currently participate in the Federal Farm programs on an annual basis with an annual return to the trusts of \$2 to \$5 million. It would be the responsibility of this position to establish a monitoring system of all farm contracts and ensure that the state is receiving its proper share of the program payments.

5% Reduction The division is requesting the restoration of the 1.60 FTE and associated funding that was deducted from the current level budget as the 5% personal services reduction mandated by HB02. The funding is: general fund \$45,808 in FY94 and \$45,858 in FY95 and state special of \$1,870 in FY94 and \$1,875 in FY95.

Related Legislation A bill is being introduced to authorize funding of administration of trust land from royalties and proceeds from the sale of trust land up to the amount appropriated each year. Management of trusts from trust revenue is usual private sector practice and frequent public sector practice. Adoption of this bill would enable the above modifications to be funded with state special revenue.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	246.86	251.00	239.57	5.79	245.36	245.36
Personal Services	8,259,228.73	6,781,916	7,056,855	144,136	7,200,991	7,234,986
Operating Expenses	6,721,891.35	4,005,385	2,770,167	0	2,770,167	2,849,044
Equipment	641,849.90	636,680	582,810	285,000	867,810	856,710
Transfers	0.00	44,000	100,000	0	100,000	100,000
<b>Total Agency Costs</b>	<b>\$15,622,969.98</b>	<b>\$11,467,981</b>	<b>\$10,509,832</b>	<b>\$429,136</b>	<b>\$10,938,968</b>	<b>\$11,040,740</b>
General Fund	11,713,124.90	6,861,233	6,411,674	190,000	6,601,674	6,693,323
State Special Revenue Fund	2,908,517.72	3,582,447	3,141,135	152,433	3,293,568	3,303,565
Federal Special Revenue Fund	1,001,327.36	1,024,301	957,023	86,703	1,043,726	1,043,852
<b>Total Funding Costs</b>	<b>\$15,622,969.98</b>	<b>\$11,467,981</b>	<b>\$10,509,832</b>	<b>\$429,136</b>	<b>\$10,938,968</b>	<b>\$11,040,740</b>

**CURRENT LEVEL SERVICES:** In compliance with HB02, 11.43 FTE were reduced from the Forestry Division budget request, for reductions in general fund of \$190,660 in FY94 and \$190,921 in FY95, \$86,703 in FY94; federal funds of \$86,829; and \$60,314 in FY94 and \$60,830 in FY95 of state special revenue. A modification to restore 5.79 FTE is being recommended. The modification would be supported with federal and state special funding.

Operating expenses reflect the annualized costs associated with the phase-in of fire protection services for Block V and the Phillipsburg Fire District, and the addition of four new counties into the State/County Cooperative Fire program. \$306,000 in each year of the biennium is being requested for contract tree planting and thinning that is done on state lands. Insurance for Forestry's fleet of vehicles increased by \$57,054 in FY94 and cooperating

agencies to implement the Forest Stewardship program will be maintained at the FY92 level of \$160,316. The equipment request amounts to \$584,910 in FY94 and \$569,610 in FY95. In FY94 the major items are \$393,000 for the replacement of vehicles and \$101,410 for fire suppression equipment; in FY95, \$387,100 for replacement vehicles and \$121,810 for fire suppression equipment. Funding for the Forestry Division is approximately 61% general fund, 30% state special, and 9% federal.

Authorizing legislation is being proposed that would allow the use of a portion of the revenues deposited in the trust and legacy fund, to be used for the administrative support of the Forestry Division and the Lands Division. The legislation would include a limit on the amount of funds available for use by the Department of Lands.

**MODIFIED LEVEL SERVICES:** Vehicle Replacement The modification requests general fund of \$190,000 and state special revenue (forest fire assessment fees) of \$95,000 in both FY94 and FY95, to fully implement the vehicle replacement schedule for fire vehicles that was approved by the 1991 Legislature. The purpose is to provide for safe, dependable and cost-efficient transportation for fire fighters. The modification will allow the Forestry Division to replace aging, unreliable vehicles on a regular schedule.

5% Reduction The division is requesting the restoration of the 5.79 FTE and associated funding that was deducted from the current level budget as the 5% personal service reduction mandated by HB02. The funding is: federal funds of \$86,703 in FY94 and \$86,829 in FY95 and state special of \$57,433 in FY94 and \$57,950 in FY95.



# Department of Livestock

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	123.71	119.71	113.71	11.00	124.71	12.50
Personal Services	3,701,407.22	3,671,192	3,699,748	296,087	3,995,835	354,543
Operating Expenses	1,249,946.97	1,272,011	1,330,220	181,654	1,511,874	183,758
Equipment	128,426.52	147,241	210,768	14,902	225,670	15,498
Capital Outlay	0.00	0	17,769	0	17,769	0
Benefits and Claims	4,500.00	0	4,500	0	4,500	0
<b>Total Agency Costs</b>	<b>\$5,084,280.71</b>	<b>\$5,090,444</b>	<b>\$5,263,005</b>	<b>\$492,643</b>	<b>\$5,755,648</b>	<b>\$553,799</b>
General Fund	763,343.64	531,361	737,574	191,665	929,239	192,787
State Special Revenue Fund	3,996,755.48	4,239,350	4,216,400	246,500	4,462,900	306,500
Federal Special Revenue Fund	324,181.59	319,733	309,031	54,478	363,509	54,512
<b>Total Funding</b>	<b>\$5,084,280.71</b>	<b>\$5,090,444</b>	<b>\$5,263,005</b>	<b>\$492,643</b>	<b>\$5,755,648</b>	<b>\$553,799</b>
Centralized Services Program	520,768.01	482,171	594,599	0	594,599	0
Diagnostic Laboratory Program	796,025.40	789,631	911,744	120,000	1,031,744	180,000
Disease Control Program	490,809.39	567,678	582,951	46,500	629,451	46,500
Milk & Egg Program	202,827.64	197,225	0	185,187	185,187	186,275
Inspection & Control Program	2,204,132.12	2,250,151	2,323,660	80,000	2,403,660	80,000
Predatory Animal Control Pgm	349,117.44	296,305	278,989	0	278,989	0
Rabies Control	14,279.53	15,000	15,000	0	15,000	0
Meat Inspection Program	506,321.18	492,283	556,062	60,956	617,018	61,024
<b>Total Program Costs</b>	<b>\$5,084,280.71</b>	<b>\$5,090,444</b>	<b>\$5,263,005</b>	<b>\$492,643</b>	<b>\$5,755,648</b>	<b>\$553,799</b>
					<b>\$5,287,204</b>	<b>\$5,841,003</b>
						<b>\$5,841,003</b>

**MISSION STATEMENT:** To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

5603-01 CENTRALIZED SERVICES PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	9.00	9.00	10.00	.00	10.00	10.00	.00	10.00
Personal Services	355,290.77	327,052	360,367	0	360,367	361,077	0	361,077
Operating Expenses	163,456.21	151,619	192,832	0	192,832	180,323	0	180,323
Equipment	2,021.03	3,500	41,400	0	41,400	25,300	0	25,300
<b>Total Agency Costs</b>	<b>\$520,768.01</b>	<b>\$482,171</b>	<b>\$594,599</b>	<b>\$0</b>	<b>\$594,599</b>	<b>\$566,700</b>	<b>\$0</b>	<b>\$566,700</b>
General Fund	62,344.01	6,252	85,742	0	85,742	82,852	0	82,852
State Special Revenue Fund	419,582.00	436,708	477,857	0	477,857	451,848	0	451,848
Federal Special Revenue Fund	38,842.00	39,211	31,000	0	31,000	32,000	0	32,000
<b>Total Funding Costs</b>	<b>\$520,768.01</b>	<b>\$482,171</b>	<b>\$594,599</b>	<b>\$0</b>	<b>\$594,599</b>	<b>\$566,700</b>	<b>\$0</b>	<b>\$566,700</b>

**CURRENT LEVEL SERVICES:** One position was moved to the Centralized Services Division from the diagnostic laboratory program, for a new total of 10 FTE.

The operating budget reflects an increase of \$12,470 in FY94 and \$17,523 in FY95 for insurance and bonds, increases for other fixed costs, and \$7,500 in contracted services for each year of the biennium to assist with personnel matters.

The equipment request of \$41,200 in FY94 and \$25,300 in FY95 consists of \$15,000 in FY94 for computer equipment to link the

Animal Health Division with Diagnostic Laboratory in Bozeman, the replacement of data processing equipment - \$25,200 in FY94 and \$13,100 in FY95, software up grades, and \$11,000 in FY95 for software that allows PC monitors to emulate graphics terminals. This specialized software would be used in connection with brand registration.

General fund supports approximately 15% of the budget, state special 80%, and federal funds amount to 5%.

# 5603-03 DIAGNOSTIC LABORATORY PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	18.00	18.00	17.00	2.00	17.00	3.50
Personal Services						
Operating Expenses	577,418.68	549,601	583,097	38,431	584,705	96,252
Equipment	212,022.61	215,530	250,628	81,569	262,224	83,748
Capital Outlay	6,584.11	24,500	60,250	0	82,590	0
	0.00	0	17,769	0	17,769	0
Total Agency Costs	\$796,025.40	\$789,631	\$911,744	\$120,000	\$947,288	\$180,000
						\$1,127,288
General Fund	277,190.40	116,123	373,801	0	388,374	0
State Special Revenue Fund	518,835.00	673,508	537,943	120,000	558,914	180,000
Total Funding Costs	\$796,025.40	\$789,631	\$911,744	\$120,000	\$947,288	\$180,000
						\$1,127,288

**CURRENT LEVEL SERVICES:** One position was moved to the Centralized Services Division, leaving 9.00 FTE in the diagnostic laboratory program.

The operating budget reflects a \$4,000 annual charge for the storage of mice used for rabies testing. This charge by MSU was initiated in FY93. The laboratory has also been experiencing increases in the re-charges paid to MSU for services provided; \$21,051 is budgeted for FY94 and \$23,156 in FY95. Data network charges will increase by \$1,000 per month with the connection of the laboratory to the Helena office. These charges will be split with the Disease Control program. Maintenance contracts on laboratory and data processing equipment will increase by \$10,410 in FY94 and \$10,737 in FY95.

Two equipment requests in FY95 are directly connected with a Long Range Building (LRB) proposal. If the LRB proposal is approved, then the laboratory is requesting the following equipment. A medical autoclave to sterilize media. This replaces

**MODIFIED LEVEL SERVICES:** Laboratory Workload Increase This modification request includes 2.00 FTE in FY94 and 3.50 FTE in FY95 plus operating expenses to be funded with state special revenue: \$120,000 in FY94 and \$180,000 in FY95. The

an old unit that is still serviceable but will only be used for sterilizing contaminated equipment. The new unit is necessary for temperature, time, and pressure control to meet FDA requirement. The cost would be \$47,520. The second item is a preparation room air conditioner. Half of the cost would be paid by the MSU Veterinary Research Laboratory. The cost to this program would be \$7,500.

The agency is requesting \$60,250 in FY94 and \$27,570 in FY95 for the replacement of laboratory equipment.

\$17,769 is being budgeted in each year of the biennium for the laboratory's share of retro-fitting of the Marsh Laboratory building that was not covered by the DNRC energy grant. MSU and the Agricultural Experiment Station share in the expense. The annual costs will continue for five years.

The funding for this program is: general fund 41% and state special revenue 59%.

laboratory has experienced workload increases, new testing requirements by the FDA and for international livestock shipping, and new testing technology which impact the agency's ability to perform its functions in a timely and efficient manner.



# 5603-04 DISEASE CONTROL PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	10.50	10.50	10.75	.00	10.75	.00
Personal Services	375,404.43	380,681	410,799	0	412,133	0
Operating Expenses	96,050.42	166,810	151,874	46,500	154,356	46,500
Equipment	14,854.54	20,187	15,778	0	16,393	0
Benefits and Claims	4,500.00	0	4,500	0	4,500	0
Total Agency Costs	<u>\$490,809.39</u>	<u>\$567,678</u>	<u>\$582,951</u>	<u>\$46,500</u>	<u>\$587,382</u>	<u>\$46,500</u>
State Special Revenue Fund	490,809.39	567,678	582,951	46,500	587,382	46,500
Total Funding Costs	<u>\$490,809.39</u>	<u>\$567,678</u>	<u>\$582,951</u>	<u>\$46,500</u>	<u>\$587,382</u>	<u>\$46,500</u>

**CURRENT LEVEL SERVICES:** 0.25 FTE was transferred to this program from the milk and egg inspection program to assist with bison control efforts and game farm regulation enforcement.

\$45,000 has been included in each year of the operating budget for contracting with licensed deputy veterinarians to provide technical assistance on an as needed basis. This program will support half of the data networking estimated \$1000 monthly cost when the Diagnostic Laboratory is electronically connected with the Helena office.

Annualized base adjustments have been made in a number of cost categories as a result a FY92 budget amendment related to bison control efforts and TB in game farm animals. HB556 from the 1991 legislative session increased disease control and regulatory responsibilities for game farm animals.

The equipment request includes the replacement of one vehicle and toppler in each year of the biennium.

The program is supported with state special revenue.

**MODIFIED LEVEL SERVICES:** Bison and Game Farm Inspections \$46,500 in each year of the biennium for additional contracted services authority is being requested. This would allow the disease control program to contract with private veterinarians to inspect

and regulate game farm animals and control the spread of disease by bison. The modification would be supported with state special revenue.

5603-05 MILK & EGG PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	4.75	4.75	.00	4.00	.00	4.00
Personal Services	153,992.67	148,214	0	135,429	0	135,906
Operating Expenses	35,056.97	33,276	0	34,856	0	34,871
Equipment	13,778.00	15,735	0	14,902	0	15,498
Total Agency Costs	\$202,827.64	\$197,225	\$0	\$185,187	\$0	\$186,275
General Fund	170,650.64	163,564	0	161,187	0	162,275
Federal Special Revenue Fund	32,177.00	33,661	0	24,000	0	24,000
Total Funding Costs	\$202,827.64	\$197,225	\$0	\$185,187	\$0	\$186,275

**CURRENT LEVEL SERVICES:** 0.25 FTE was transferred to the disease control program and 0.50 FTE was transferred to the meat inspection program, leaving 4.00 FTE in the milk and egg program.

The remaining 4.00 FTE and all operating expenses are being offered by the department as its 5% personal service reduction mandated by HB02. This would be a total reduction of \$185,187

in FY94 and \$186,275 in FY95. Saving \$161,187 of general fund in FY94 and \$162,275 in FY95, the balance of \$24,000 in each year is federal funding.

A modification is being recommended to re-instate the 4.00 FTE, operating expenses, and associated funding.

**MODIFIED LEVEL SERVICES:** Restore 5% Reduction This modification would reinstate the 4.00 FTE, operating expenses, and associated funding of the milk and egg program, which was offered by the Department of Livestock as its mandated 5% personal

service reduction. Funding would be \$24,000 in federal funding for each year of the biennium, and general fund of \$161,187 in FY94 and \$162,275 in FY95.

# 5603-06 INSPECTION & CONTROL PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	63.21	63.21	61.21	3.00	61.21	3.00
Personal Services	1,779,331.02	1,833,283	1,872,238	72,771	1,877,362	72,861
Operating Expenses	337,716.25	333,549	361,700	7,229	361,247	7,139
Equipment	87,084.85	83,319	89,722	0	87,497	0
<b>Total Agency Costs</b>	<b>\$2,204,132.12</b>	<b>\$2,250,151</b>	<b>\$2,323,660</b>	<b>\$80,000</b>	<b>\$2,326,106</b>	<b>\$80,000</b>
State Special Revenue Fund	2,204,132.12	2,250,151	2,323,660	80,000	2,326,106	80,000
<b>Total Funding Costs</b>	<b>\$2,204,132.12</b>	<b>\$2,250,151</b>	<b>\$2,323,660</b>	<b>\$80,000</b>	<b>\$2,326,106</b>	<b>\$80,000</b>

**CURRENT LEVEL SERVICES:** The operating budget request for the inspection and control program reflects some increases in the fixed costs areas - insurance and bonds, data processing. Ammunition increases to \$7,500 in FY94 and \$5,000 in FY95 due to the purchase of new weapons in FY92. The agency has requested a \$6,000 increase in education and training to allow this program to bring an out-of-state training officer in to provide law enforcement personnel with survival training primarily in and for rural areas.

Also, the agency needs to send two existing employees each year to the Montana Law Enforcement Academy.

Equipment requests include the replacement of five vehicles in each year of the biennium, five light bars each year, and body armor - three each year.

The program is supported with state special revenue.

**MODIFIED LEVEL SERVICES:** Brand Inspectors and Auditor The modification is for 2.00 FTE brand inspectors to be stationed at livestock markets and a 1.00 FTE auditor plus approximately \$7,000 in operating expenses. The two additional brand inspectors

will allow district investigators who have been filling in as needed at the markets, to spend more time on law enforcement and investigative duties. \$80,000 of state special revenue will support the modification in each year of the biennium.



# 5603-08 PREDATORY ANIMAL CONTROL PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	1.25	1.25	1.25	.00	1.25	.00
Personal Services	67,493.67	61,094	60,260	0	61,373	0
Operating Expenses	281,273.77	235,211	218,729	0	222,489	0
Equipment	350.00	0	0	0	0	0
Total Agency Costs	<u>\$349,117.44</u>	<u>\$296,305</u>	<u>\$278,989</u>	<u>\$0</u>	<u>\$283,862</u>	<u>\$0</u>
State Special Revenue Fund	349,117.44	296,305	278,989	0	283,862	0
Total Funding Costs	<u>\$349,117.44</u>	<u>\$296,305</u>	<u>\$278,989</u>	<u>\$0</u>	<u>\$283,862</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** Significant changes in the operating budget of the predatory animal control program include the reduction of aircraft repair and maintenance from \$162,342 to \$50,000 for each year of the biennium, and the increase for gasoline from \$12,615 to \$25,000. It is anticipated that there will be an increase of 150 flying hours. Consulting and professional services are \$20,000 each fiscal year, the same as the current biennium, to contract with experts for Section 8 processes.

Contracted services for predator control agreements with counties, USDA, and Animal Damage Control are budgeted at \$100,000 each year.

No equipment was requested.

The program is supported with state special revenue.

# 5603-09 RABIES CONTROL

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	14,279.53	15,000	15,000	0	15,000	0
Total Agency Costs	<u>\$14,279.53</u>	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$0</u>	<u>\$15,000</u>	<u>\$0</u>
State Special Revenue Fund	14,279.53	15,000	15,000	0	15,000	0
Total Funding Costs	<u>\$14,279.53</u>	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$0</u>	<u>\$15,000</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** Rabies control is supported by a \$15,000 grant from the Department of Fish, Wildlife and Parks.

89% of the budget is for reimbursement of the Animal Health Division for supervision of the program by the veterinarians.

## 5603-10 MEAT INSPECTION PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	17.00	13.00	13.50	2.00	13.50	2.00
Personal Services	392,475.98	371,267	412,987	49,456	415,165	49,524
Operating Expenses	110,091.21	121,016	139,457	11,500	143,764	11,500
Equipment	3,753.99	0	3,618	0	1,937	0
Total Agency Costs	\$506,321.18	\$492,283	\$556,062	\$60,956	\$560,866	\$61,024
General Fund	253,158.59	245,422	278,031	30,478	280,433	30,512
Federal Special Revenue Fund	253,162.59	246,861	278,031	30,478	280,433	30,512
Total Funding Costs	\$506,321.18	\$492,283	\$556,062	\$60,956	\$560,866	\$61,024

**CURRENT LEVEL SERVICES:** 0.50 FTE is being transferred from the milk and egg inspection program, bringing the total level to 13.50 FTE for this program.

Laboratory testing done by the federal government will increase to \$10,000 for each year of the biennium, due to fee increases and more samples being submitted to meet federal requirements. Contracted services for final veterinarians and meat/poultry inspections will increase by approximately \$6,000 in FY94 and

FY95. Two additional vehicles will be leased for inspectors which will amount to approximately \$8,400 annually. Operating expenses are also being impacted by the increase of fixed costs.

The program is requesting \$3,618 in FY94 and \$1,937 in FY95 for the replacement of office equipment.

The funding for the program is 50% general fund, 50% federal funds.

**MODIFIED LEVEL SERVICES:** Meat/Poultry Workload Increase This modification for 2.00 FTE and associated operational expenses was a FY92 approved supplemental and therefore not included in the 1995 biennium current level budget. The two meat inspectors are

currently assigned to facilities that require meat inspection services. \$60,956 in FY94 and \$61,024 in FY95 is requested, the funding is 50% general fund and 50% federal funds.



# Department of Natural Resources & Conservation

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	267.70	267.70	246.42	4.00	246.42	3.50
Personal Services	7,889,362.63	8,400,022	8,601,682	137,738	8,620,851	122,474
Operating Expenses	4,997,830.16	7,782,521	4,508,944	437,779	4,061,422	152,928
Equipment	222,177.79	532,082	214,028	6,400	189,646	2,400
Capital Outlay	0.00	6,398,555	0	13,431,000	0	0
Local Assistance	95,000.00	95,000	105,000	0	105,000	0
Grants	1,087,663.38	6,599,849	293,502	600,000	293,502	0
Transfers	21,367,878.75	0	0	0	0	0
Debt Service	385,963.02	35,999	31,114	370,000	31,114	0
Total Agency Costs	\$36,045,875.73	\$29,844,028	\$13,754,270	\$14,982,917	\$13,301,535	\$277,802
General Fund	4,245,418.61	4,558,065	4,659,237	19,590	4,688,169	0
State Special Revenue Fund	28,630,238.15	16,476,358	7,437,307	3,107,327	7,395,288	277,802
Federal Special Revenue Fund	3,170,218.97	8,809,605	1,257,726	11,856,000	1,218,078	0
Expendable Trust Fund	0.00	0	400,000	0	0	0
Total Funding	\$36,045,875.73	\$29,844,028	\$13,754,270	\$14,982,917	\$13,301,535	\$277,802
Centralized Services	1,675,679.52	1,757,446	1,856,206	19,590	1,830,513	0
Oil & Gas Regulation	904,102.07	2,466,910	1,233,153	0	1,232,772	0
Conservation/resource Dev Div	23,365,292.47	7,318,431	1,285,152	48,194	1,295,035	80,171
Water Resources Division	7,399,857.51	12,949,790	5,687,396	14,315,133	5,677,774	197,631
Reserved Water Rights Comp Com	402,853.43	469,127	507,074	0	506,917	0
Energy Division	2,298,090.73	4,882,324	3,185,289	600,000	2,758,524	0
Total Program Costs	\$36,045,875.73	\$29,844,028	\$13,754,270	\$14,982,917	\$13,301,535	\$277,802
						\$13,579,337

**MISSION STATEMENT:** To ensure the wise management, development, conservation, and use of some of Montana's natural resources in a manner consistent with environmental quality; to sustain and improve the benefits derived from our water, soil, and rangeland; to encourage energy conservation and the use of renewable energy resources; to promote conservation of oil and gas and prevent resource waste through regulation of exploration and production; and to make certain that energy facilities and water projects are developed with minimal adverse environmental impacts.



# 5706-21 CENTRALIZED SERVICES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	39.00	39.00	37.00	.00	37.00	37.00	.00	37.00
Personal Services	1,233,814.19	1,281,868	1,341,585	0	1,341,585	1,344,491	0	1,344,491
Operating Expenses	423,589.08	461,076	495,675	19,590	515,265	468,951	0	468,951
Equipment	7,641.93	4,584	8,312	0	8,312	6,437	0	6,437
Debt Service	10,634.32	9,918	10,634	0	10,634	10,634	0	10,634
Total Agency Costs	\$1,675,679.52	\$1,757,446	\$1,856,206	\$19,590	\$1,875,796	\$1,830,513	\$0	\$1,830,513
General Fund	1,258,875.27	1,333,154	1,279,005	19,590	1,298,595	1,302,511	0	1,302,511
State Special Revenue Fund	411,309.34	419,928	455,279	0	455,279	450,196	0	450,196
Federal Special Revenue Fund	5,494.91	4,364	121,922	0	121,922	77,806	0	77,806
Total Funding Costs	\$1,675,679.52	\$1,757,446	\$1,856,206	\$19,590	\$1,875,796	\$1,830,513	\$0	\$1,830,513

**CURRENT LEVEL SERVICES:** Personal services reflect a reduction of 2.00 FTE and \$37,142 general fund and \$16,300 other funds due to the 5% reduction per HB2 not restored and an increase in per diem \$1,700 each year for Board of Natural Resources & Conservation (BNRC) to reflect actual expenditures.

Operating costs increase \$41,600 in FY94 and \$60,000 in FY95 for fixed costs, BNRC travel and indirect costs. Equipment recommended is approximately \$2,500 over the 1993 biennium.

**MODIFIED LEVEL SERVICES** Missouri River Lawsuit The executive recommends general fund of \$19,590 for the biennium to provide funds in the event that the lawsuit involving the state of Montana v. US Army Corps of Engineers continues.

are indirect funds from major facility siting and MEPA fees. If major facility siting and MEPA activities generate more than the amount appropriated for the biennium of indirect funds over the biennium, the additional indirect funds must be deposited in the general fund.

**Language Recommended:** Included in centralized services funding

## 5706-22 OIL &amp; GAS REGULATION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	26.00	26.00	26.00	.00	26.00	.00
Personal Services	634,788.83	801,292	810,146	0	811,647	0
Operating Expenses	207,269.21	1,596,561	361,403	0	355,060	0
Equipment	60,901.12	68,077	60,461	0	64,922	0
Debt Service	1,142.91	980	1,143	0	1,143	0
<b>Total Agency Costs</b>	<b>\$904,102.07</b>	<b>\$2,466,910</b>	<b>\$1,233,153</b>	<b>\$0</b>	<b>\$1,232,772</b>	<b>\$0</b>
State Special Revenue Fund	904,102.07	2,186,361	1,233,153	0	1,232,772	0
Federal Special Revenue Fund	0.00	280,549	0	0	0	0
<b>Total Funding Costs</b>	<b>\$904,102.07</b>	<b>\$2,466,910</b>	<b>\$1,233,153</b>	<b>\$0</b>	<b>\$1,232,772</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include increased personal services of approximately \$55,000 each year and operating expenditures of \$27,200 in FY94 and \$20,000 in FY95. This reflects increased responsibilities that the division has acquired under the Montana Environmental Policy Act and recently adopted administrative rules to implement them.

The Underground Injection Control (UIC) program budget is \$300,405 in FY94 and \$302,167 in FY95 for which there were no base year expenditures (a formal application for primacy of this

federally delegated program was filed in October 1992 and is pending EPA approval).

Recommended equipment includes two vehicles in the UIC Program budget, three replacement vehicles for field inspectors, two combustible gas indicators for field inspectors, replacement of the obsolete telephone system in the Billings office, two replacement microfiche reader printers and computer equipment including a local area network server to connect several PCs and peripherals in the Billings office.

5706-23 CONSERVATION/RESOURCE DEV DIV

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	21.00	21.00	20.00	.00	20.00	.00
Personal Services	605,233.64	664,775	693,017	0	693,017	0
Operating Expenses	262,531.85	381,154	276,569	48,194	324,763	80,171
Equipment	24,256.24	14,789	24,500	0	24,500	0
Local Assistance	95,000.00	95,000	105,000	0	105,000	0
Grants	652,762.92	6,160,349	183,502	0	183,502	0
Transfers	21,367,878.75	0	0	0	0	0
Debt Service	357,629.07	2,364	2,564	0	2,564	0
Total Agency Costs	\$23,365,292.47	\$7,318,431	\$1,285,152	\$48,194	\$1,333,346	\$80,171
					\$1,295,035	\$1,375,206
General Fund	27,525.96	128,117	27,526	0	27,526	0
State Special Revenue Fund	23,260,217.32	7,049,809	1,180,626	48,194	1,228,820	80,171
Federal Special Revenue Fund	77,549.19	140,505	77,000	0	77,000	0
Total Funding Costs	\$23,365,292.47	\$7,318,431	\$1,285,152	\$48,194	\$1,333,346	\$80,171
					\$1,295,035	\$1,375,206

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendation include a decrease in personal services of 1.00 FTE and approximately \$56,500 in state special revenue funds to make up the 5 percent personal services reduction required by HB2.

Because assigned duties have grown over the last legislative sessions and the number of loans and grants serviced are growing,

contracted services must be increased by \$21,500 in FY94 and \$26,500 in FY95 for bond counsel and for technical services over the FY92 expenditures. Local assistance funds increased \$10,000 each year over the FY92 expenditure level to assist the conservation districts in local program administration. All other expenditures have been held at the FY92 level, except for adjustments for inflation.

**MODIFIED LEVEL SERVICES:** Infrastructure Improvements The Resource Development Bureau has been assigned to work on the Treasure State Endowment Program and the Clean Coal Technology Program. These programs will be loan programs and may include the issuance of bonds. Projects will have to be evaluated and program details set to complete the tasks of setting up these new programs. Operating costs will be incurred by the Resource Development Bureau staff to administer these programs. \$36,146 in FY94 and \$60,128 in FY95 are recommended for operating expenses in connection with the Treasure State Endowment Program, and \$12,048 in FY94 and \$20,043 in FY95

for the Clean Coal Technology Program.

**Language Recommended:** The department is appropriated up to \$700,000 from the account established in 76-14-112, MCA, for rangeland loans during the 1995 biennium.

All funds deposited into the state special revenue account established in 76-15-530, MCA, are appropriated to the department for distribution as grants to conservation districts.

All funds held in the state special revenue account per 76-16-106(2), MCA, are appropriated to the department for the administration of grazing district activity.



# 5706-24 WATER RESOURCES DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	124.20	124.20	115.00	119.00	115.00	118.50
Personal Services	3,897,851.51	3,822,948	4,013,136	4,150,874	4,022,802	4,145,276
Operating Expenses	3,371,668.02	2,269,254	1,568,259	1,938,254	1,574,458	1,647,215
Equipment	103,410.94	428,107	97,257	103,657	71,770	74,170
Capital Outlay	0.00	6,398,555	0	13,431,000	0	0
Grants	18,000.00	18,000	0	0	0	0
Debt Service	8,927.04	12,926	8,744	378,744	8,744	8,744
Total Agency Costs	\$7,399,857.51	\$12,949,790	\$5,687,396	\$20,002,529	\$5,677,774	\$5,875,405
General Fund	2,344,892.89	2,475,045	2,618,594	2,618,594	2,625,032	2,625,032
State Special Revenue Fund	3,379,764.40	4,785,733	3,016,302	6,075,435	3,000,242	3,197,873
Federal Special Revenue Fund	1,675,200.22	5,689,012	52,500	11,308,500	52,500	52,500
Total Funding Costs	\$7,399,857.51	\$12,949,790	\$5,687,396	\$20,002,529	\$5,677,774	\$5,875,405

**CURRENT LEVEL SERVICES:** Personal services reflects a reduction of FTE per HB2 5% mandated reduction; however, increases of \$29,000 each year include overtime needed to cover workload fluctuations and hydropower plant needs. Because the Water Measurement program was not fully activated until February 1992, many FY92 actual costs do not reflect total program costs.

Operating expenses each year include technical experts for project management and operations \$50,000, Broadwater Power Engineer

\$450,000, technical experts for re-construction \$80,000, and other technical experts for BPP O&M \$80,000. Other consultant and professional services for water operations increases \$2,500 each year.

Recommended equipment of \$169,000 for the biennium provides for the replacement of microfiche reader printers, single and multi user computers, a vehicle in FY94, and miscellaneous office items.

**MODIFIED LEVEL SERVICES** Rehab State Water Storage Projects  
This modified budget recommendation is for funding and spending authority for the rehabilitation of the Tongue River Dam and North Fork Smith River Dam. Also included is spending authority for payment of the federal loan used to rehabilitate Middle Creek Dam. Repayment funds will be from project water users. Total biennial appropriation for the projects is \$13,801,000 in FY94.

Trans of Water Projects This recommendation will provide administrative costs and severance payments to water user

associations for state water projects transferred to their ownership. No supporting funding was provided when the project transfer legislation was enacted. Water Development funds of \$88,288 in FY94 and \$36,800 in FY95 are recommended.

Missouri River Reservation This modified-level recommendation is for funding for the Missouri reservation proceeding in the Lower Missouri Basin. The personal services portion of the budget is fiscal year and the operating expenses portion is a biennial appropriation. Funding of \$283,398 in FY94 and \$86,601 will come from Water Development and Fish, Wildlife and Parks funds.

USCS Coop Stream Gauging The recommended \$24,007 in FY94 and \$31,857 in FY95 will provide funding to cover DNRC's 50% share of the costs associated with maintaining the existing gauging program of the US Geological Survey and DNRC in Montana. Baseline data on stream and river flows and reservoir levels is used for water management, planning and water rights decisions. The program scale has continually been reduced over the years due to the higher federal inflation rate. Funding would come for Resource Indemnity Trust monies deposited in the Groundwater Assessment Account.

Broadwater Fisheries Mitigation The purpose of this biennial recommendation is to provide spending authority for the interest earned on the Broadwater fisheries mitigation account. These costs along with the original appropriation are needed to complete the fisheries mitigation plan required by the Federal Energy Regulatory Commission.

Dam Rehabilitation Engineer An additional engineer position is recommended to inspect, repair, and rehabilitate state owned dams. The current workload of the project rehabilitation section precludes staff from working on Department of Fish, Wildlife, and Parks (DFWP) dams. DFWP funding of \$46,340 in FY94 and \$42,373 in FY95 is recommended.

Weather Modification Environmental Review A biennial appropriation of \$20,000 in FY94 is recommended to provide for an environmental review of cloud seeding needed to identify significant impact in Montana. The review will require the contracting of professional services using water development funds.

**Language Recommended:** The department is appropriated up to \$1

million over the biennium from the account established in 85-1-604 for purchase of prior liens on property held as loan security as required by 85-1-618.

Funds received under the provisions of 85-1-514(4) are appropriated to the department for the purpose of performing duties required under 85-1-514.

Any fines collected under the provisions of Title 85, chapter 2, and deposited in the water right appropriation account in accordance with 85-2-318 are appropriated to the department to carry out the enforcement functions required under 85-2-114.

Funds received from bonds required by 37-43-306 are appropriated to the department for the purpose of performing remedial action on water wells, providing compensation for damages caused by water well violations, or paying administration costs incurred by the board of water well contractors. All interest earned on the Montana Power Company Beaverhead grant is appropriated to the department for use on the Beaverhead Groundwater Study.

All funds currently in or will be deposited into the Broadwater Replacement and Renewal Account are appropriated to the department for the purpose of repairing or replacing equipment at the Broadwater hydropower facility or to service the Broadwater hydropower bond debt if revenue deposited in the debt service account is insufficient for this purpose.

All interest earned on the Broadwater Water Users' Account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri Diversion Project.



# 5706-25 RESERVED WATER RIGHTS COMP COM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	12.00	12.00	11.42	.00	11.42	.00
Personal Services	318,440.94	389,806	412,594	0	412,594	0
Operating Expenses	69,497.88	69,935	80,228	0	80,228	0
Equipment	13,370.14	4,671	12,708	0	12,708	0
Debt Service	1,544.47	4,715	1,544	0	1,544	0
<b>Total Agency Costs</b>	<b>\$402,853.43</b>	<b>\$469,127</b>	<b>\$507,074</b>	<b>\$0</b>	<b>\$507,074</b>	<b>\$0</b>
General Fund	133,547.68	141,890	168,676	0	168,676	0
State Special Revenue Fund	269,305.75	327,237	338,398	0	338,398	0
<b>Total Funding Costs</b>	<b>\$402,853.43</b>	<b>\$469,127</b>	<b>\$507,074</b>	<b>\$0</b>	<b>\$507,074</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The recommended FTE level for this program remains at the FY92 level except for the mandated 5% reduction per HB2.

and anticipated charges associated with LEXUS software on-line search costs of \$2,160.

Operations costs increase \$20,000 each year due to contracted services which reflect increased activity at the Congressional level

The commission equipment request is lower than the three year average of \$10,584 per year.

# 5706-26 ENERGY DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	45.50	45.50	37.00	.00	37.00	.00
Personal Services	1,199,233.52	1,439,333	1,331,204	0	1,331,204	0
Operating Expenses	663,274.12	3,004,541	1,726,810	0	1,726,810	0
Equipment	12,597.42	11,854	10,790	0	10,790	0
Grants	416,900.46	421,500	110,000	600,000	710,000	0
Debt Service	6,085.21	5,096	6,485	0	6,485	0
<b>Total Agency Costs</b>	<b>\$2,298,090.73</b>	<b>\$4,882,324</b>	<b>\$3,185,289</b>	<b>\$600,000</b>	<b>\$3,785,289</b>	<b>\$0</b>
General Fund	480,576.81	479,859	565,436	0	565,436	0
State Special Revenue Fund	405,539.27	1,707,290	1,213,549	0	1,213,549	0
Federal Special Revenue Fund	1,411,974.65	2,695,175	1,006,304	600,000	1,606,304	0
Expendable Trust Fund	0.00	0	400,000	0	400,000	0
<b>Total Funding Costs</b>	<b>\$2,298,090.73</b>	<b>\$4,882,324</b>	<b>\$3,185,289</b>	<b>\$600,000</b>	<b>\$3,785,289</b>	<b>\$0</b>



**CURRENT LEVEL SERVICES:** Personal services are reduced by \$78,500 each year to comply with the mandated 5% reduction in HB2.

Travel increases \$15,000 over the FY92 actual for an intergovernmental agreement with Bonneville Power Administration to pay travel expenses when the state's attendance is requested. The department requests block appropriation authority of \$990,000 each year to expend filing fees paid by applicants seeking Major Facility Siting Act (MFSA) certification of proposed energy facilities

**MODIFIED LEVEL SERVICES:** A biennial appropriation of \$600,000 federal funds is recommended for the Schools Energy Retrofit Financing Program. The final structure and implementation schedule for the program depends on adoption of pending new federal regulations for the Institutional Conservation Program. Funds will provide for administration, engineering analysis, and training of school operations and maintenance staff or will continue to be used as matching grants for hospital engineering analyses and energy retrofits as in FY93.

or applicants for state permits which trigger the Montana Environmental Policy Act (MEPA). A biennial appropriation of \$400,000 is recommended to carry out mitigation measures required by the Rock Creek Stipulation and for transmission lines at Rock Creek and Colstrip-Townsend.

Equipment expenditures are within the three year average and include primarily single user computers. Debt service reflects a proportionate share of the department's computer system.

**Language Recommended**

All indirect charges collected on oil overcharge funds are appropriated for transfer to the general fund.

The department is appropriated up to \$700,000 from the Rock Creek Trust account in addition to the \$400,000 appropriated in item (TBA). The total appropriation for item (TBA) may not exceed \$1,100,000 over the biennium.

## Department of Agriculture

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	102.95	103.09	92.76	5.33	98.09	92.76	4.00	96.76
Personal Services	2,694,289.78	3,065,669	2,964,297	168,153	3,132,450	2,967,053	133,677	3,100,730
Operating Expenses	1,408,644.29	1,565,680	1,472,898	90,910	1,563,808	1,484,760	65,419	1,550,179
Equipment	261,690.11	151,380	243,815	0	243,815	214,218	0	214,218
Grants	2,063,515.01	2,584,718	2,074,624	999,937	3,074,561	2,091,430	129,004	2,220,434
<b>Total Agency Costs</b>	<b>\$6,428,139.19</b>	<b>\$7,367,447</b>	<b>\$6,755,634</b>	<b>\$1,259,000</b>	<b>\$8,014,634</b>	<b>\$6,757,461</b>	<b>\$328,100</b>	<b>\$7,085,561</b>
General Fund	1,135,039.04	989,554	1,081,913	60,667	1,142,580	1,030,987	60,667	1,091,654
State Special Revenue Fund	4,492,732.66	5,234,818	4,995,552	1,023,912	6,019,464	5,051,095	132,979	5,184,074
Federal Special Revenue Fund	523,372.04	820,652	377,531	174,421	551,952	377,796	134,454	512,250
Proprietary Fund	5,858.59	11,251	8,416	0	8,416	8,561	0	8,561
Expendable Trust Fund	271,136.86	311,172	292,222	0	292,222	289,022	0	289,022
<b>Total Funding</b>	<b>\$6,428,139.19</b>	<b>\$7,367,447</b>	<b>\$6,755,634</b>	<b>\$1,259,000</b>	<b>\$8,014,634</b>	<b>\$6,757,461</b>	<b>\$328,100</b>	<b>\$7,085,561</b>
Central Management Division	460,566.61	486,943	510,725	23,988	534,713	481,223	24,032	505,255
State Grain Laboratory	379,334.66	546,248	438,651	0	438,651	435,664	0	435,664
Ag & Bio Sciences Division	2,783,709.51	3,122,048	2,915,407	1,150,370	4,065,777	2,926,000	239,426	3,165,426
Plant Industry Division	618,917.62	664,476	695,797	84,642	780,439	697,607	64,642	762,249
Agricultural Development	2,185,610.79	2,547,732	2,195,054	0	2,195,054	2,216,967	0	2,216,967
<b>Total Program Costs</b>	<b>\$6,428,139.19</b>	<b>\$7,367,447</b>	<b>\$6,755,634</b>	<b>\$1,259,000</b>	<b>\$8,014,634</b>	<b>\$6,757,461</b>	<b>\$328,100</b>	<b>\$7,085,561</b>

**MISSION STATEMENT:** To protect, enhance, and develop all agriculture in Montana; to encourage and promote production and marketing for agriculture and allied industries; and to provide protection for producers and consumers through administration and enforcement of statutes established by Montana's legislature.

# 6201-15 CENTRAL MANAGEMENT DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	10.75	11.00	10.00	1.00	10.00	1.00
Personal Services	365,271.76	394,374	396,514	23,988	397,627	24,032
Operating Expenses	91,685.05	87,094	107,861	0	79,046	0
Equipment	3,609.80	5,475	6,350	0	4,550	0
<b>Total Agency Costs</b>	<b>\$460,566.61</b>	<b>\$486,943</b>	<b>\$510,725</b>	<b>\$23,988</b>	<b>\$481,223</b>	<b>\$24,032</b>
General Fund	206,037.13	190,456	242,772	0	210,951	0
State Special Revenue Fund	179,164.18	211,428	192,375	0	194,385	0
Federal Special Revenue Fund	49,259.30	49,124	39,828	23,988	39,978	24,032
Expendable Trust Fund	26,106.00	35,935	35,750	0	35,909	0
<b>Total Funding Costs</b>	<b>\$460,566.61</b>	<b>\$486,943</b>	<b>\$510,725</b>	<b>\$23,988</b>	<b>\$481,223</b>	<b>\$24,032</b>
			<b>\$534,713</b>		<b>\$505,255</b>	

**CURRENT LEVEL SERVICES:** The proposed budget allows this program to maintain its current level of operation.

Operating expenses are budgeted with adjustments of \$3,250 each year for technical support for the Novell operating system, out of state commercial increase approximately \$2,000 each year based on the director's office representing Montana agriculture with

USDA or commodity issues, and the reminding increases are fixed costs.

Three multi-user computer and terminal replacements and upgrades to the Novell operating system are recommended at a cost of \$6,350 in FY94 and \$4,550 in FY95.

**MODIFIED LEVEL SERVICES:** CMD - Federal Position: The executive recommends \$23,988 in FY94 and \$24,032 in FY95 in federal funds to hire an accounting technician II in Central Management Division to assist with processing SBAS documents,

monitor and financial reporting of federal grant activity due to increased grant activity and funding in the pesticide and agricultural chemical and ground water programs.



## 6201-25 STATE GRAIN LABORATORY

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	15.50	15.50	11.50	.00	11.50	.00
Personal Services	293,046.44	439,252	311,170	0	311,170	0
Operating Expenses	65,038.30	90,996	83,360	0	83,360	0
Equipment	21,249.92	16,000	44,121	0	44,121	0
Total Agency Costs	<b>\$379,334.66</b>	<b>\$546,248</b>	<b>\$438,651</b>	<b>\$0</b>	<b>\$438,651</b>	<b>\$0</b>
State Special Revenue Fund	379,334.66	546,248	438,651	0	438,651	0
Total Funding Costs	<b>\$379,334.66</b>	<b>\$546,248</b>	<b>\$438,651</b>	<b>\$0</b>	<b>\$438,651</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** Personal services reflects a reduction of 4.00 FTE grain inspectors in accordance with HB2, second special legislative session.

The primary increases in the operating budget include user fees mandated under Federal Grain Inspection Service of \$15,736 each year, and contracted secretarial assistance of \$5,760 needed

during peak workload season.

The equipment request includes the replacement of a van for \$16,187 in FY94 and two whole grain protein analyzers for \$27,000 each year to meet federal grain inspection service rule that all official agencies change from ground flour analyzers to whole grain analyzers by May 1, 1994.

## 6201-30 AG &amp; BIO SCIENCES DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	35.70	35.92	33.67	4.33	33.67	3.00
Personal Services	929,712.13	1,116,766	1,118,499	120,259	1,122,856	85,739
Operating Expenses	367,212.28	466,134	413,743	30,174	403,574	24,683
Equipment	215,674.62	108,550	153,295	0	152,894	0
Grants	1,271,110.48	1,430,598	1,229,870	999,937	1,246,676	129,004
Total Agency Costs	<b>\$2,783,709.51</b>	<b>\$3,122,048</b>	<b>\$2,915,407</b>	<b>\$1,150,370</b>	<b>\$2,926,000</b>	<b>\$239,426</b>
General Fund	232,667.99	128,023	121,747	0	123,065	0
State Special Revenue Fund	2,136,757.75	2,330,093	2,461,448	999,937	2,470,723	129,004
Federal Special Revenue Fund	414,283.77	663,932	332,212	150,433	332,212	110,422
Total Funding Costs	<b>\$2,783,709.51</b>	<b>\$3,122,048</b>	<b>\$2,915,407</b>	<b>\$1,150,370</b>	<b>\$2,926,000</b>	<b>\$239,426</b>

**CURRENT LEVEL SERVICES:** The noxious weed control program was budgeted for 33.92 FTE in FY93. The technical services

bureau reduced 1.00 FTE and reallocated to field services bureau and the noxious weed control program resulting in a net decrease

of 0.25 FTE.

Consultant and professional services increase over FY92 by \$66,800 in FY94 and \$60,850 in FY95 to provide for a pesticide retailer. Two other contracts include a consumer program continuing contract with Montana State University Extension, Association of Official Analytical Chemist contract and ground water contracts to assist in the development and implementation of the Agricultural Chemical Ground Water Act and for determining and resolving pesticide and fertilizer problems in ground water. Cost of these contracts are \$45,150 in FY94 and \$33,150 in FY95.

Printing increases \$2,200 each year due to the preparation and distribution of the General Management Plan and Specific

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**MODIFIED LEVEL SERVICES:** Special County Weed District Grants: The executive recommends \$999,937 in FY94 and \$129,004 in FY95 in state special revenue funds to provide increased authority for grants issued to local weed districts, communities and universities. Revenues from the FY93 herbicide surcharge and interest earnings will not be required to be deposited in the Noxious Weed Trust Fund due to reaching its cap of \$2.5 million as provided by law.

EPA Special: The executive recommends approximately \$110,400

Management Plans as required by 80-15-212, MCA. Travel increases from FY92 actual due primarily to positions being vacant in part of FY92, a need to provide technical and educational information and services on new EPA pesticide programs and field monitoring, and increased travel for weed coordinator for grant environmental assessments and evaluations.

Reduction of grants of \$37,554 FY94 and \$20,985 FY95 are due to the function of a position, operating, and equipment expenses being moved from grants to personal services.

each year of the biennium in federal funds to fund special projects related to pesticide mixing/loading, storage and disposal of pesticide products and containers, revised certification standards and pesticide ground water projects.

EPA FY92/BA: The executive recommends \$39,999 in FY94 in federal funds to finalize the preparation of a pesticide disposal program to protect ground water and to update the state pesticide certification standards to meet new EPA standards.

## 6201-40 PLANT INDUSTRY DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	17.29	16.96	16.96	.00	16.96	.00
Personal Services	498,561.06	509,393	532,046	23,906	526,772	23,906
Operating Expenses	114,888.90	140,828	143,816	60,736	152,400	40,736
Equipment	5,467.66	14,255	19,935	0	18,435	0
<b>Total Agency Costs</b>	<b>\$618,917.62</b>	<b>\$664,476</b>	<b>\$695,797</b>	<b>\$84,642</b>	<b>\$697,607</b>	<b>\$64,642</b>
General Fund	473,442.06	482,895	514,548	60,667	501,539	60,667
State Special Revenue Fund	135,897.39	156,004	167,342	23,975	181,901	3,975
Federal Special Revenue Fund	3,719.58	14,326	5,491	0	5,606	0
Proprietary Fund	5,858.59	11,251	8,416	0	8,561	0
<b>Total Funding Costs</b>	<b>\$618,917.62</b>	<b>\$664,476</b>	<b>\$695,797</b>	<b>\$84,642</b>	<b>\$697,607</b>	<b>\$64,642</b>

**CURRENT LEVEL SERVICES:** The proposed budget allows this program to maintain its current level of personal services except for the estimated payout of \$6,904 for a retiring employee in FY94.

Increases in operating are due to fixed costs and equipment reflects automobile and computer replacement.

**MODIFIED LEVEL SERVICES** Potato Inspections The executive recommends \$40,736 general fund each year of the biennium to enable the department to increase required inspection services through a contract with the National Association of State Departments of Agriculture (NASDA). This modification is based on increased revenues as a result of increased inspections required by industry estimated at \$90,600 per fiscal year.

CD/PW Liquidation Fund The executive recommends a biennial

Inspector Reclass The executive recommends \$23,906 general funds each year of the biennium for reclassification of the Plant Industry Division agricultural inspector positions and grain warehouse auditor position to the new agricultural specialist series in accordance with the Benchmark Factoring Methodology.



6201-50 AGRICULTURAL DEVELOPMENT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	23.71	23.71	20.63	.00	20.63	.00
Personal Services	607,698.39	605,884	606,068	0	607,765	0
Operating Expenses	769,819.76	780,628	724,118	0	757,043	0
Equipment	15,688.11	7,100	20,114	0	7,405	0
Grants	792,404.53	1,154,120	844,754	0	844,754	0
<b>Total Agency Costs</b>	<b>\$2,185,610.79</b>	<b>\$2,547,732</b>	<b>\$2,195,054</b>	<b>\$0</b>	<b>\$2,216,967</b>	<b>\$0</b>
General Fund	222,891.86	188,180	202,846	0	195,432	0
State Special Revenue Fund	1,661,578.68	1,991,045	1,735,736	0	1,768,422	0
Federal Special Revenue Fund	56,109.39	93,270	0	0	0	0
Expendable Trust Fund	245,030.86	275,237	256,472	0	253,113	0
<b>Total Funding Costs</b>	<b>\$2,185,610.79</b>	<b>\$2,547,732</b>	<b>\$2,195,054</b>	<b>\$0</b>	<b>\$2,216,967</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** Agriculture Development program budget reflects increases in three areas: 1) dues are \$483,000 FY94 and \$512,000 FY95 based on anticipated increased grain

production; 2) approximately \$27,000 biennium budget for multi-user computer equipment, and; 3) grants to universities and colleges of \$550,000 each year of the biennium.

# Department of Commerce

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	332.74	342.02	309.81	24.50	334.31	309.81	25.50	335.31
Personal Services	10,039,375.34	11,104,158	10,793,381	726,557	11,519,938	10,823,064	760,642	11,583,706
Operating Expenses	32,545,965.77	37,461,355	18,925,891	1,152,405	20,078,296	18,472,591	1,086,229	19,558,820
Equipment	536,602.41	126,710	327,431	251,300	578,731	290,129	98,362	388,491
Local Assistance	1,569,296.00	1,920,088	1,968,750	0	1,968,750	2,067,187	0	2,067,187
Grants	18,452,604.77	31,051,955	29,589,447	4,981,000	34,570,447	24,679,096	4,981,000	29,660,096
Benefits and Claims	610.72	100,000	0	0	0	0	0	0
Transfers	5,788,917.62	15,789,949	206,225	0	206,225	205,423	0	205,423
Debt Service	8,314,066.88	9,400,000	0	0	0	0	0	0
Total Agency Costs	\$77,247,439.51	\$106,954,215	\$61,811,125	\$7,111,262	\$68,922,387	\$56,537,490	\$6,926,233	\$63,463,723
General Fund	2,739,195.92	3,068,089	2,792,081	-327,878	2,464,203	2,796,135	-332,768	2,463,367
State Special Revenue Fund	15,093,141.93	17,447,289	19,570,296	1,521,085	21,091,381	14,494,282	1,554,224	16,048,506
Federal Special Revenue Fund	17,184,970.80	28,634,595	25,078,855	5,498,166	30,577,021	25,589,030	5,452,898	31,041,928
Proprietary Fund	42,230,130.86	48,554,242	14,369,893	419,889	14,789,782	13,658,043	251,879	13,909,922
Non-expendable Trust Fund	0.00	9,250,000	0	0	0	0	0	0
Total Funding	\$77,247,439.51	\$106,954,215	\$61,811,125	\$7,111,262	\$68,922,387	\$56,537,490	\$6,926,233	\$63,463,723
Public Safety Division	66,599.36	139,456	142,630	0	142,630	142,704	0	142,704
Weight & Measures Bureau	483,095.63	432,722	488,139	63,000	551,139	492,633	26,661	519,294
Financial Division	862,491.97	892,885	966,381	256,707	1,223,088	986,764	241,784	1,228,548
Milk Control Bureau	260,068.35	305,139	270,835	0	270,835	271,782	0	271,782
Pol Bureau	3,189,552.33	3,398,340	3,825,486	306,531	4,132,017	3,805,121	239,521	4,044,642
Business Development Division	3,091,999.65	6,822,864	3,767,225	124,261	3,891,486	3,767,686	125,865	3,893,551
Montana Promotion Division	6,935,368.24	7,650,349	7,565,337	40,752	7,606,089	7,820,354	40,800	7,861,154
Community Development Bureau	17,587,558.21	28,608,010	28,588,657	5,879,186	34,467,843	23,675,759	5,856,273	29,532,032
Office Of Res. & Info Services	353,431.39	298,520	289,436	36,000	325,436	290,130	34,000	324,130
Local Gov't Services-audit	1,080,235.17	1,431,449	1,318,301	0	1,318,301	1,331,890	0	1,331,890
Local Gov't Services-systems	217,741.27	242,958	284,962	0	284,962	284,820	0	284,820
Local Govt Assistance Admin	121,682.37	123,520	128,454	0	128,454	128,340	0	128,340
Building Codes Bureau	1,492,024.69	1,348,935	1,448,100	188,118	1,636,218	1,527,085	244,622	1,771,707
Indian Affairs Coordinator	167,410.29	220,638	196,597	0	196,597	196,743	0	196,743
Health Facilities Authority	122,535.23	124,295	147,035	30,081	177,116	142,794	30,081	172,875
Mt Science & Tech Alliance	1,136,563.34	2,060,809	494,914	0	494,914	494,315	0	494,315
Board Of Housing	1,215,558.10	2,054,278	1,503,905	0	1,503,905	1,454,935	0	1,454,935
Investments Division	10,021,572.02	17,944,810	1,896,732	86,626	1,983,358	1,810,154	86,626	1,896,780
Montana State Lottery	27,729,418.76	31,589,709	7,272,723	0	7,272,723	6,692,645	0	6,692,645
Board Of Horse Racing	187,825.36	299,665	241,101	0	241,101	241,593	0	241,593
Director/management Services	924,707.78	964,864	974,175	100,000	1,074,175	979,243	0	979,243
Total Program Costs	\$77,247,439.51	\$106,954,215	\$61,811,125	\$7,111,262	\$68,922,387	\$56,537,490	\$6,926,233	\$63,463,723

**MISSION STATEMENT:** To facilitate the growth of the economy of Montana by providing meaningful assistance to businesses and entrepreneurs in the state; encourage companies located outside of Montana's borders to develop facilities and business within Montana; promote Montana as a travel destination to tourists throughout the world; assist in the marketing of Montana made products and services to domestic and international consumers; recommend courses of action and statutory changes which facilitate the growth and health of responsible business enterprises in the state; design and implement licensing and other systems which protect the public from unfair, unsafe, incompetent or deceptive services or products while minimizing the regulatory burden on those individuals who are qualified and ethical in their business practices and produce quality products and services; encourage and assist local communities in developing their public infrastructure to maintain and facilitate a vibrant and healthy environment for their citizens and visitors; encourage and assist local communities in preparing for and accomplishing economic development initiatives which provide economic opportunities for the citizens of that community; provide a work environment for the employees of the Department of Commerce which is positive and provides intellectual and creative challenges allowing them to achieve and satisfy their personal employment goals.

#### 6501-01 PUBLIC SAFETY DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	1.00	1.00	1.00	.00	1.00	.00
Personal Services	57,835.26	56,823	60,308	0	60,388	0
Operating Expenses	8,764.10	82,633	82,322	0	82,316	0
<b>Total Agency Costs</b>	<b>\$66,599.36</b>	<b>\$139,456</b>	<b>\$142,630</b>	<b>\$0</b>	<b>\$142,704</b>	<b>\$0</b>
State Special Revenue Fund	0.00	70,841	70,841	0	70,841	0
Proprietary Fund	66,599.36	68,615	71,789	0	71,863	0
<b>Total Funding Costs</b>	<b>\$66,599.36</b>	<b>\$139,456</b>	<b>\$142,630</b>	<b>\$0</b>	<b>\$142,704</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** There is no change in the FTE level from the 1993 biennium to the 1995 biennium.

The Public Safety Division is requesting \$70,841 of legal authority in each year of the biennium. The authority is to be used by the Building Codes Division, Milk Control Bureau, and the POL Bureau on an as needed basis. During the 1991 regular legislative session, individual board budget provisions for contracted legal services

were deleted and replaced by a \$72,000 legal service appropriation. A travel budget of \$2,216 is being requested by the administrator for FY94 and FY95. In comparison, FY92 actual was only \$183 but the FY93 budgeted amount is \$2,098. Other slight increases in the operating expenses can be contributed to fixed costs.

No equipment was requested.



6501-02 WEIGHT & MEASURES BUREAU

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	11.00	11.00	10.00	.00	10.00	.00
Personal Services	276,906.17	305,257	292,692	0	293,676	0
Operating Expenses	133,730.32	127,465	163,047	0	165,018	0
Equipment	72,459.14	0	32,400	63,000	33,939	26,661
Total Agency Costs	\$483,095.63	\$432,722	\$488,139	\$63,000	\$492,633	\$26,661
						\$519,294
General Fund	483,095.63	432,722	488,139	-488,139	492,633	-492,633
State Special Revenue Fund	0.00	0	0	551,139	0	519,294
Total Funding Costs	\$483,095.63	\$432,722	\$488,139	\$63,000	\$492,633	\$26,661
						\$519,294

**CURRENT LEVEL SERVICES:** The bureau chief position was eliminated from this program in compliance with the mandated 5% personal service reduction in HB02. The savings to the general fund are \$38,926 in FY94 and \$38,964 in FY95.

The major difference in the operating expenses from FY92 actual to the 1995 biennium, approximately \$30,000, is a result of a change in the method of calculating the bureau's recharge for division operations. The change reflects the deletion of the bureau chief position and the assumption of supervisory responsibilities by the division administrator. The balance of the increase is due to

increases in fixed costs and some increase in travel.

The equipment request includes the replacement of two trucks, a replacement generator to power a test vehicle for weighing devices, and eight sets of gram weights for inspectors in FY94. In FY95 they are requesting \$33,939 which would partially cover the cost for the replacement of a truck tractor that pulls a test trailer. This program's three year equipment average is \$33,939.

General fund supports this budget.

**MODIFIED LEVEL SERVICES:** SSR Account for Weights and Measures The department is submitting legislation that would change the funding for the Weights and Measures program from general fund to state special revenue. Currently, approximately half of the cost of the program is recovered from fees and deposited to the general fund. The program would become totally

self supporting from fees charged for services provided. Fee setting will be placed in administrative rules rather than statute. Also requested in this modification is \$63,000 in FY94 and \$26,661 in FY95 for equipment. General fund would be reduced by \$488,139 in FY94 and \$492,633 in FY95.

6501-36 FINANCIAL DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	20.25	22.65	20.25	6.00	20.25	6.00
Personal Services	605,545.86	655,951	675,231	172,894	848,125	173,061
Operating Expenses	234,559.67	232,934	269,850	70,013	339,863	68,723
Equipment	22,386.44	4,000	21,300	13,800	35,100	0
Total Agency Costs	<u>\$862,491.97</u>	<u>\$892,885</u>	<u>\$966,381</u>	<u>\$256,707</u>	<u>\$1,223,088</u>	<u>\$241,784</u>
						<u>\$1,228,548</u>
State Special Revenue Fund	862,491.97	892,885	966,381	256,707	1,223,088	241,784
Total Funding Costs	<u>\$862,491.97</u>	<u>\$892,885</u>	<u>\$966,381</u>	<u>\$256,707</u>	<u>\$1,223,088</u>	<u>\$241,784</u>
						<u>\$1,228,548</u>

**CURRENT LEVEL SERVICES:** The 20.25 FTE level remains constant in the 1995 biennium.

The operating expenses increase by approximately \$35,000 in FY94 and \$54,000 in FY95 as compared to FY92 actual. \$10,000 is requested in FY95 for a performance review required for the anticipated certification. Travel has been adjusted based on the assumption that the division will have a full staff of 15 examiners during the biennium. Long distance charges increase by approximately 25% annually. Usage will continue to increase because of changes in banking laws, complexity of the industry, and communication needs of additional and inexperienced field staff. With some staff moving to a new location in FY93, rent of non-state office space is expected to increase by approximately

\$4,800 in FY94 and \$5,150 in FY95. Maintenance contracts for computer equipment will increase by \$8,908 in each year, as the FY92 contract was terminated due to failure of the contractor to provide services. Other differences can be contributed to increases in fixed costs.

\$21,300 for equipment is being requested for each year of the biennium. In FY94 the request includes the purchase of an automobile for the Billings office to replace one currently being leased, and replacement of computer equipment and fire proof file cabinets. The FY95 request includes the replacement of computer equipment and fire proof files, and a paper shredder for the Billings office.

**MODIFIED LEVEL SERVICES:** Banking Code Revisions This modification provides operating expenses for the anticipated workload increase which will result from: statutory revisions the Governor's Advisory Council, Executive Order 34-91, is expected to recommend; and an estimated 30% workload increase from the

conversion of national to state bank charters, increasing the present regulatory asset base by \$700,000,000. One analyst and five examiners are requested. The cost for FY94 is \$256,707 and \$241,784 in FY95, and to be supported with state special revenue.

## 6501-37 MILK CONTROL BUREAU

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	7.00	7.00	6.00	.00	6.00	.00
Personal Services	172,880.74	206,319	185,767	0	186,370	0
Operating Expenses	76,820.61	98,520	85,068	0	85,412	0
Equipment	10,367.00	300	0	0	0	0
Total Agency Costs	\$260,068.35	\$305,139	\$270,835	\$0	\$271,782	\$0
State Special Revenue Fund	260,068.35	305,139	270,835	0	271,782	0
Total Funding Costs	\$260,068.35	\$305,139	\$270,835	\$0	\$271,782	\$0

**CURRENT LEVEL SERVICES:** An auditor position was deleted from this program in compliance with the 5% personal service reduction mandated in HB02. The action leaves the program with an 6.00 FTE level. There will be a state special revenue savings of \$28,183 in FY94 and \$28,210 in FY95.

Approximately \$6,000 was added to legal and court costs for anticipated increased need of agency legal services from the Attorney General's Office and court reporting services. The balance of the increase can be contributed to increases in fixed costs and maintenance contracts on computer equipment.

Operating expenses increase by approximately \$8,000 from FY92 actual to each year of the 1995 biennium.

No equipment was requested.

## 6501-39 POL BUREAU

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	35.83	36.66	36.03	.00	36.03	.00
Personal Services	1,062,234.90	1,177,008	1,201,779	4,700	1,207,099	5,000
Operating Expenses	2,090,828.64	2,114,997	2,584,080	251,831	2,574,373	234,521
Equipment	35,878.07	6,335	39,627	50,000	23,649	0
Benefits and Claims	610.72	100,000	0	0	0	0
Total Agency Costs	\$3,189,552.33	\$3,398,340	\$3,825,486	\$306,531	\$3,805,121	\$239,521
State Special Revenue Fund	2,224,436.77	2,396,315	2,731,316	103,349	2,721,744	104,349
Proprietary Fund	965,115.56	1,002,025	1,094,170	203,182	1,083,377	135,172
Total Funding Costs	\$3,189,552.33	\$3,398,340	\$3,825,486	\$306,531	\$3,805,121	\$239,521
						\$4,044,642

**CURRENT LEVEL SERVICES:** There are 30 regulator boards assigned to the Professional and Occupational Licensing (POL)

Bureau and allocated to the department for administrative purposes. The board members are appointed by the Governor.



travel costs increase in both fiscal years; dues to national organizations are increasing; and fixed costs increased both fiscal years.

The equipment request of \$39,627 in FY94 and \$23,649 in FY95 is for computer equipment and software, and replacement office furniture.

**MODIFIED LEVEL SERVICES:** POL Board Request The department is submitting one budget modification for ten POL board requests related to increased funding for additional services. Additional services include increased contracted inspections, accounting procedure changes, and new mandated programs. Costs are paid directly from each board from licensing and fees. Total state special revenue costs are \$103,349 in FY94 and \$104,349 in FY95.

**Workload Increase in POL Pool** Numerous boards had requested positions through modification requests for the 1993 legislative session. Services for legal, investigations, and clerical support will be paid out of the POL pool using contracted services. Also, POL pool computers need to be expanded and moved towards an "open system" (Local Area Network-Lan). The administrative services pool is self supporting through charges to the licensing boards with the POL Bureau. This modification includes \$203,182 in FY94 and \$135,172 in FY95 of POL proprietary pool funding.

## 6501-51 BUSINESS DEVELOPMENT DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	26.50	22.85	17.00	1.50	18.50	18.50
Personal Services	817,995.96	828,206	657,243	57,217	714,460	715,822
Operating Expenses	929,272.00	1,207,527	980,162	67,044	1,047,206	1,047,909
Equipment	19,869.69	13,211	16,783	0	16,783	16,783
Grants	1,260,262.00	2,273,920	2,113,037	0	2,113,037	2,113,037
Transfers	64,600.00	2,500,000	0	0	0	0
<b>Total Agency Costs</b>	<b>\$3,091,999.65</b>	<b>\$6,822,864</b>	<b>\$3,767,225</b>	<b>\$124,261</b>	<b>\$3,891,486</b>	<b>\$3,893,551</b>
General Fund	845,394.33	733,496	794,478	124,261	918,739	920,804
State Special Revenue Fund	588,350.78	897,791	504,210	0	504,210	504,210
Federal Special Revenue Fund	1,658,254.54	2,691,577	2,468,537	0	2,468,537	2,468,537
Non-expendable Trust Fund	0.00	2,500,000	0	0	0	0
<b>Total Funding Costs</b>	<b>\$3,091,999.65</b>	<b>\$6,822,864</b>	<b>\$3,767,225</b>	<b>\$124,261</b>	<b>\$3,891,486</b>	<b>\$3,893,551</b>

**CURRENT LEVEL SERVICES:** 7.00 FTE were deducted from the Business Development Division in compliance with the 5 % personal service reduction mandated by HB02. The savings to the general

fund amounts to \$39,704 in FY94 and \$39,749 in FY95. \$161,343 in FY94 and \$161,496 FY95 were a savings to state special revenue and federal funds. A modification is being

recommended for the restoration of a 0.50 FTE supported with general fund.

An increase of approximately \$150,000 in contracted services explains the difference between FY92 actual and FY94 and FY95 requested operating expenses. The Montana Small Business Development Center (SBDC) operates a network of centers through contracts with economic development organizations in Billings, Butte, Bozeman, Kalispell, Missoula, and Sidney. Because some of the offices were in operation for only part of FY92, operating costs were annualized for FY94 and FY95. This resulted in an increase to contracted services of approximately \$100,000 in each year. The division is requesting an additional \$50,000 increase to contracted services in each year of the biennium for National

Development Council (NDC) training. The Montana SBDC plans to contract with NDC to conduct their training in Montana. This would reduce the cost to Montana participants. All costs would be recovered through registration fees.

\$16,783 in each year of the biennium is being requested for equipment. The division is in the process of providing key staff with personal computers. In addition, some printers may need to be replaced. \$1,500 if the request is for the replacement of office equipment. The three year equipment average for the program is \$21,410.

\$2,113,037 is budgeted in FY94 and FY95 for community economic development project grants and supported with Community Development Block Grant (CDBG) funds.

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**MODIFIED LEVEL SERVICES:** SBDC Network During the 1993 biennium the Small Business Development Center (SBDC) developed a statewide network of regional service centers, in order to make SBDC services available to all areas of Montana. The federal and local funding support was increased as anticipated. However, the 1992 special session decreased general fund support for the SBDC program. This budget modification requests \$48,000 of general fund per year to put the SBDC program back to the level needed to maintain the statewide network.

Canadian Trade Office General fund of \$63,529 in FY94 and \$65,120 in FY95 is being recommended to provide permanent

state funding for the expenses related to the Canadian trade office. The Canadian trade office is an important addition to Montana's international marketing efforts. Canada is Montana's number one trading partner, with over \$150 million of trade across the border on an annual basis.

5% Reduction The division is requesting the restoration of 0.50 FTE and associated funding that was deducted from the current level budget as part of the 5% personal service reduction mandated by HB02. The general fund amounts to \$12,732 in FY94 and \$12,745 in FY95.



6501-52 MONTANA PROMOTION DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	19.33	19.33	16.33	2.00	18.33	16.33	2.00	18.33
Personal Services	568,066.37	558,646	541,667	40,752	582,419	543,189	40,800	583,989
Operating Expenses	4,791,846.38	4,670,615	5,054,920	0	5,054,920	5,209,978	0	5,209,978
Equipment	5,605.49	1,000	0	0	0	0	0	0
Local Assistance	1,569,296.00	1,920,088	1,968,750	0	1,968,750	2,067,187	0	2,067,187
Grants	0.00	500,000	0	0	0	0	0	0
Debt Service	554.00	0	0	0	0	0	0	0
Total Agency Costs	<u>\$6,935,368.24</u>	<u>\$7,650,349</u>	<u>\$7,565,337</u>	<u>\$40,752</u>	<u>\$7,606,089</u>	<u>\$7,820,354</u>	<u>\$40,800</u>	<u>\$7,861,154</u>
General Fund	0.00	500,000	0	0	0	0	0	0
State Special Revenue Fund	6,935,368.24	7,150,349	7,565,337	40,752	7,606,089	7,820,354	40,800	7,861,154
Total Funding Costs	<u>\$6,935,368.24</u>	<u>\$7,650,349</u>	<u>\$7,565,337</u>	<u>\$40,752</u>	<u>\$7,606,089</u>	<u>\$7,820,354</u>	<u>\$40,800</u>	<u>\$7,861,154</u>

**CURRENT LEVEL SERVICES:** One position was deleted from the Montana Promotion Division in compliance with the 5% personal service reduction mandated in HB02. This is a savings of \$20,376 in FY94 and \$22,400 in FY95 of state special revenue.

Operating expenses increase by approximately \$263,000 in FY94 and \$418,000 in FY95 as compared to FY92 actual. National advertising designed to position Montana's vacation opportunities in the minds of consumers, accounts for \$134,000 in FY94 and \$274,000 in FY95 of the increase. Consulting and professional services used by Travel Montana for advertising, marketing, printing, international promotion, programming, and distribution will increase by approximately \$20,000 in FY94 and \$40,000 FY95.

**MODIFIED LEVEL SERVICES:** Montana Promotions FTE The department is seeking to continue 2.00 FTE that provide administrative support at a cost of \$40,752 in FY94 and \$40,800

The inflation factors used for the contracted services cost category, have generated an increase of approximately \$93,000 in FY94 and \$100,000 in FY95. Printing/Publications and Graphics has an inflation factor of 12% for FY94 and 13% for FY95, and with a base of \$771,831 would generate a substantial increase to the budget.

No equipment is being recommended for this budget.

By statute, Travel Montana is required to disburse 25% of the accommodations tax to local qualifying organizations. For FY94 and FY95, a 5% annual increase was factored into the request of \$1,968,750 in FY94 and \$2,067,187 in FY95.

in FY95. The modified positions were established in FY92 and supported with state special revenue.



6501-60 COMMUNITY DEVELOPMENT BUREAU

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	20.50	23.50	17.50	9.00	26.50	17.50	10.00	27.50
Personal Services	604,361.47	739,814	607,876	267,339	875,215	609,632	300,659	910,291
Operating Expenses	419,130.22	1,114,716	489,881	606,347	1,096,228	485,758	559,214	1,044,972
Equipment	25,513.17	5,156	14,490	24,500	38,990	14,310	15,400	29,710
Grants	16,538,553.35	26,748,324	27,476,410	4,981,000	32,457,410	22,566,059	4,981,000	27,547,059
Total Agency Costs	\$17,587,558.21	\$28,608,010	\$28,588,657	\$5,879,186	\$34,467,843	\$23,675,759	\$5,856,273	\$29,532,032
General Fund	231,751.45	252,280	259,182	0	259,182	259,825	0	259,825
State Special Revenue Fund	1,917,305.61	2,545,160	5,809,977	381,020	6,190,997	386,263	403,375	789,638
Federal Special Revenue Fund	15,438,501.15	25,810,570	22,519,498	5,498,166	28,017,664	23,029,671	5,452,898	28,482,569
Total Funding Costs	\$17,587,558.21	\$28,608,010	\$28,588,657	\$5,879,186	\$34,467,843	\$23,675,759	\$5,856,273	\$29,532,032

**CURRENT LEVEL SERVICES:** Operating expenses increase by approximately \$92,000 in FY94 and \$88,000 in FY95 from FY92 actual. This can be contributed to increases in fixed costs; an increase of indirect cost charges of \$8,600 in FY94 and \$8,800 in FY95; consulting and professional services; printing of how to publications for local government officials and land surveyors such as "Model Zoning Ordinance", Manual for Local Subdivision Administrator", and "Montana's Subdivision & Surveying Laws"; and for travel that will allow Community Technical Assistance program staff to meet the increased requests by local governments.

Computer equipment and software are being requested in both fiscal years, \$14,490 in FY94 and \$14,310 in FY95.

The department is requesting a biennial appropriation of \$5,328,759. In 1985 the Legislature amended Sections 15-35-108(2)(a) and 90-60-212, MCA, to provide that, rather than reverting to the Local Impact and Education Trust Fund account at the end of each fiscal year, unencumbered funds in the Coal Board's Local Impact account were to be allocated to the trust account at the end of each biennium. The purpose of these amendments was to allow the Coal Board to carry over its unencumbered grant funds from the first fiscal year of the biennium

and to expend these funds on local impact grants and loans in the second year.

Funds are distributed annually from the county land planning account. The funds projected to be available in FY94 and FY95 are \$154,555 and \$155,778 respectively. Each county is suppose to receive \$3,000 with any balance being apportioned to the counties based upon percentage of county land area to the total land area of the state and the percentage of the each county's population to the total population of the state.

The Housing Assistance program will continue to provide financial assistance for rental housing, and assistance and guarantees to rental housing developers to improve the housing stock available to needy Montanans. \$16,677,921 is available in FY94 and \$17,197,164 in FY95.

U. S. Department of Housing and Urban Development (HUD) grants to local governments for housing and public facilities projects. Requested authorization level of \$5,213,117 in each year of the biennium, is based on actual expenditures in FY91 and FY92 with an 18% increase in level of CDBG funds projected for Montana in FY94 and FY95.

**MODIFIED LEVEL SERVICES:** Sell Technical Manuals The Community Technical Assistance program provides technical assistance regarding infrastructure financing options, land development methods, community and county planning, surveying laws, and development regulations. It is recommended that private funds be collected to reimburse the printing costs associated with technical assistance publications. \$10,000 of state special authority is being request for each year of the biennium.

Hardrock Revenue HB1010 of the 1991 Legislative Session, establishes an appropriation to the Hard Rock Mining Impact Board not to exceed \$100,000 from the Hard Rock Mining Impact Trust Reserve Account, as established in 90-6-304(2), MCA. The money can be used for administrative and operating expenses of the board. Appropriation authority of \$100,000 in each year of the biennium is recommended.

Local Government Assistance Legislative Referendum 110 authorized the establishment and operation of a state grant and loan program to provide financial assistance to local governments for water, sewer, solid waste, and bridge projects. The program is funded by interest earnings on a portion of new coal tax expenses for the first complete biennium of operation of the Treasure State Endowment Program (TSEP). The modification includes 3.00 FTE in FY94 and 4.00 FTE in FY95, operating

expenses, and equipment needs. \$271,020 in FY94 and \$293,375 in FY95.

HOME and CHAS Program This modification will provide authority for affordable housing assistance grants to local governments and private non-profits. Home Investment Partnership Program (HOME) are federal housing dollars that will enhance the stock of affordable housing for low income people in the state. These funds, matched with local project funds, will provide assistance to over 450 Montana families. Also, this modification provides funding for the preparation of the federally required annual Comprehensive Housing Affordability Strategy (CHAS). The request includes 6.00 FTE and a total budget of \$5,424,340 in FY94 and \$5,425,450 in FY95 supported 100% with federal funds.

Section 107 Technical Assistance Grant The department was awarded a Section 107 Technical Assistance grant from the Department of Housing and Urban Development in the amount of \$116,474. Montana was one of 22 states awarded these funds through a nationwide competition. The funds will be used over a three year period beginning in FY93 to assist communities in the area of housing and land use regulations, with an overall focus on improving the affordability of housing. Spending authority of \$73,826 is being requested for FY94 and \$27,448 in FY95.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
			Total		Total	
Full Time Equivalent Employees	7.33	7.83	5.83	1.00	5.83	1.00
Personal Services	220,638.55	214,047	190,795	31,315	191,459	31,352
Operating Expenses	106,397.36	82,473	93,041	4,685	93,071	2,648
Equipment	26,395.48	2,000	5,600	0	5,600	0
Total Agency Costs	\$353,431.39	\$298,520	\$289,436	\$36,000	\$290,130	\$34,000
General Fund	353,431.39	298,520	289,436	36,000	290,130	34,000
Total Funding Costs	\$353,431.39	\$298,520	\$289,436	\$36,000	\$290,130	\$34,000

**CURRENT LEVEL SERVICES:** An 0.50 FTE was reduced from this budget in compliance with the 5% personal service reduction mandated by HB02. This is a general fund savings of \$18,095 in FY94 and \$18,111 in FY95.

The proposed operating expenses allow this program to maintain its current level of operations. The equipment request of \$5,600 in each year is to purchase computer equipment.

**MODIFIED LEVEL SERVICES:** Decennial Census Work General fund in the amounts of \$36,000 in FY94 and \$34,000 in FY95 are being requested to complete the automation of machine readable

data from the 1990 census. Economic and demographic data are critical to state, county, and local government program administration and to economic and business development.



## 6501-62 LOCAL GOV'T SERVICES-AUDIT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	30.25	31.25	28.50	.00	28.50	.00
Personal Services	699,859.54	978,688	925,479	0	925,479	0
Operating Expenses	248,600.13	346,619	292,528	0	292,528	0
Equipment	41,012.50	16,828	4,500	0	4,500	0
Transfers	90,763.00	89,314	95,794	0	95,794	0
<b>Total Agency Costs</b>	<b>\$1,080,235.17</b>	<b>\$1,431,449</b>	<b>\$1,318,301</b>	<b>\$0</b>	<b>\$1,331,890</b>	<b>\$0</b>
General Fund	90,763.00	91,733	95,794	0	95,794	0
Proprietary Fund	989,472.17	1,339,716	1,222,507	0	1,222,507	0
<b>Total Funding Costs</b>	<b>\$1,080,235.17</b>	<b>\$1,431,449</b>	<b>\$1,318,301</b>	<b>\$0</b>	<b>\$1,331,890</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** This program had FTE reductions of 3.00 in compliance with the 5% personal service mandate in HB02. A savings of \$85,220 in FY94 and \$85,302 in FY95 of proprietary funds was generated.

Operating expenses increased by approximately \$44,000 in FY94 and \$55,000 in FY95 from FY92 actual. \$9,000 is budgeted in FY95 for a peer review. Under generally accepted auditing standards required by the Comptroller General, all organizations conducting government audits are required to have an external quality control review, at least once every three years. Approximately \$18,000 is being added to the budget for data networking services, computer operational support, and additional maintenance contract needs. Indirect costs charged to this program increased by approximately \$19,000 in each year. The

balance of the increase can be contributed to fix cost and travel increases.

The equipment request of \$4,500 in each year of the biennium is for computers.

General fund transfers of \$95,794 in FY94 and \$95,801 in FY95 are being requested in order to comply with generally accepted accounting principles (GAAP). The general fund supports those costs that cannot be recovered within the proprietary fund which includes administrative and staff time used to provide technical assistance to local government entities not subject to audit by the department. Using the transfer expenditure code the general fund is moved into the proprietary account.

## 6501-63 LOCAL GOV'T SERVICES-SYSTEMS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	2.75	2.75	2.50	.00	2.50	.00
Personal Services	104,631.20	119,257	113,111	0	113,357	0
Operating Expenses	62,390.07	73,066	61,420	0	61,841	0
Transfers	50,720.00	50,635	110,431	0	109,622	0
<b>Total Agency Costs</b>	<b>\$217,741.27</b>	<b>\$242,958</b>	<b>\$284,962</b>	<b>\$0</b>	<b>\$284,820</b>	<b>\$0</b>
General Fund	50,720.00	50,675	110,431	0	109,622	0
Proprietary Fund	167,021.27	192,283	174,531	0	175,198	0
<b>Total Funding Costs</b>	<b>\$217,741.27</b>	<b>\$242,958</b>	<b>\$284,962</b>	<b>\$0</b>	<b>\$284,820</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The proposed budget allows this program to maintain its current level of operations.

## 6501-64 LOCAL GOVT ASSISTANCE ADMIN

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	2.50	2.50	2.50	.00	2.50	.00
Personal Services	109,518.08	110,249	115,035	0	115,151	0
Operating Expenses	12,164.29	13,271	13,419	0	13,189	0
<b>Total Agency Costs</b>	<b>\$121,682.37</b>	<b>\$123,520</b>	<b>\$128,454</b>	<b>\$0</b>	<b>\$128,340</b>	<b>\$0</b>
Proprietary Fund	121,682.37	123,520	128,454	0	128,340	0
<b>Total Funding Costs</b>	<b>\$121,682.37</b>	<b>\$123,520</b>	<b>\$128,454</b>	<b>\$0</b>	<b>\$128,340</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The proposed budget allows this program to maintain its current level of operations.

6501-65 BUILDING CODES BUREAU

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	30.63	34.08	30.00	5.00	30.00	5.00
Personal Services	889,087.35	1,080,831	973,580	152,340	976,785	152,485
Operating Expenses	430,431.28	267,174	435,461	35,778	438,140	35,836
Equipment	172,506.06	930	39,059	0	112,160	56,301
Total Agency Costs	<b>\$1,492,024.69</b>	<b>\$1,348,935</b>	<b>\$1,448,100</b>	<b>\$188,118</b>	<b>\$1,527,085</b>	<b>\$244,622</b>
			<b>\$1,636,218</b>		<b>\$1,771,707</b>	
General Fund	32,700.63	33,059	37,802	0	36,354	0
State Special Revenue Fund	1,459,324.06	1,315,876	1,410,298	188,118	1,490,731	244,622
Total Funding Costs	<b>\$1,492,024.69</b>	<b>\$1,348,935</b>	<b>\$1,448,100</b>	<b>\$188,118</b>	<b>\$1,527,085</b>	<b>\$244,622</b>
			<b>\$1,636,218</b>		<b>\$1,771,707</b>	

**CURRENT LEVEL SERVICES:** The proposed budget allows this program to maintain its current level of operations. The equipment

request includes the replacement of three vehicles in FY94 and ten in FY95, plus some computer and office equipment in FY94.

**MODIFIED LEVEL SERVICES:** Additional Building Inspectors This modification establishes five new inspectors for the Building Codes Bureau. Building construction in Montana has increased significantly and the bureau does not have sufficient staff to

complete their statutory duties and responsibilities in a timely manner. The modification is 100% fee supported. \$188,118 is requested for FY94 and \$244,622 in FY95 for the 5.00 FTE, operating expenses, and equipment.

6501-70 INDIAN AFFAIRS COORDINATOR

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	4.50	5.00	4.00	.00	4.00	.00
Personal Services	119,234.07	151,406	128,493	0	128,671	0
Operating Expenses	48,176.22	66,732	68,104	0	68,072	0
Equipment	0.00	2,500	0	0	0	0
Total Agency Costs	<b>\$167,410.29</b>	<b>\$220,638</b>	<b>\$196,597</b>	<b>\$0</b>	<b>\$196,743</b>	<b>\$0</b>
			<b>\$196,597</b>		<b>\$196,743</b>	
General Fund	104,126.91	113,258	105,777	0	105,921	0
Federal Special Revenue Fund	63,283.38	107,380	90,820	0	90,822	0
Total Funding Costs	<b>\$167,410.29</b>	<b>\$220,638</b>	<b>\$196,597</b>	<b>\$0</b>	<b>\$196,743</b>	<b>\$0</b>
			<b>\$196,597</b>		<b>\$196,743</b>	



**CURRENT LEVEL SERVICES:** The proposed general fund supported operational budget allows this program to maintain its current level of operations.

This program is the recipient of a federal Department of Transportation Supportive Service grant of approximately \$90,000 in each year of the biennium. The grant which supports 2.00 FTE,

## 6501-71 HEALTH FACILITIES AUTHORITY

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	1.00	1.00	1.00	.00	1.00	1.00	.00	1.00
Personal Services	50,077.24	49,546	51,633	0	51,633	51,683	0	51,683
Operating Expenses	72,457.99	74,749	95,402	30.081	125,483	91,111	30.081	121,192
Total Agency Costs	\$122,535.23	\$124,295	\$147,035	\$30.081	\$177,116	\$142,794	\$30.081	\$172,875
Proprietary Fund	122,535.23	124,295	147,035	30.081	177,116	142,794	30.081	172,875
Total Funding Costs	\$122,535.23	\$124,295	\$147,035	\$30.081	\$177,116	\$142,794	\$30.081	\$172,875

**CURRENT LEVEL SERVICES:** The FTE level remains constant at one.

Operating expenses increase by \$22,944 in FY94 and \$18,653 in FY95 as compared to FY92 actual. The contracts for administrative support and professional services from the Board of Investments in lieu of full time employees, increases by \$12,545

**MODIFIED LEVEL SERVICES:** HFA Audit and Bond Fees The Health Facility Authority (HFA) has over \$300,000,000 in outstanding bonds under 15 separate trust indentures. A detailed and specific audit of the trustees' performance is required to affirm for the bond holders that the trustees are complying with requirements. HFA is requesting \$15,500 in each year of the biennium for the trustee audits, to be supported with enterprise funds.

Pursuant to the Montana Unified Volume Cap Bond Allocation Act,

EXECUTIVE BUDGET, NATURAL RESOURCES AND COMMERCE

travel and per diem for a 24 member steering committee, and operating costs, had FY92 expenditures of \$63,283.

A 1.0 FTE was reduced from the federally supported portion of this program in compliance with the 5% personal service reduction mandated in HB02, for a savings of \$24,223 in FY94 and \$24,252 in FY95.

in each year of the biennium. Printing costs for the MHFA annual report are budgeted at \$3,000 in FY94 and FY95. \$2,755 is budgeted in each year for specialized legal services to ensure compliance with applicable federal laws and tax regulations. Audit costs are budgeted at \$4,607 in FY94.

No equipment was requested.

17-5-1312(2), MCA, HFA is required to pay 30 cents per thousand dollars of bonds to be deposited in the state general fund for the purpose of funding a portion of the comprehensive annual financial audit. Also, HFA is required to deposit in the state treasury three cents per thousand dollars of bonds to pay the state's financial advisor. This modification gives HFA the authority to pay these fees to the state treasury. Authority of \$14,581 is requested in each year of the biennium and is supported with enterprise funds.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	7.00	7.00	7.00	.00	7.00	.00
Personal Services	244,496.29	229,280	303,431	0	303,431	0
Operating Expenses	231,743.63	301,818	187,383	0	187,383	0
Equipment	6,534.00	0	4,100	0	4,100	0
Grants	653,789.42	1,529,711	0	0	0	0
<b>Total Agency Costs</b>	<b>\$1,136,563.34</b>	<b>\$2,060,809</b>	<b>\$494,914</b>	<b>\$0</b>	<b>\$494,315</b>	<b>\$0</b>
General Fund	453,660.82	462,473	494,914	0	494,914	0
State Special Revenue Fund	657,970.79	1,573,268	0	0	0	0
Federal Special Revenue Fund	24,931.73	25,068	0	0	0	0
<b>Total Funding Costs</b>	<b>\$1,136,563.34</b>	<b>\$2,060,809</b>	<b>\$494,914</b>	<b>\$0</b>	<b>\$494,315</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The proposed budget allows this program to maintain its current level of operations. The FTE level remains at seven.

POLICY INITIATIVE A

The legislature should appropriate \$23.5 million of coal tax trust fund revenue to support targeted efforts to develop Montana's science and technology potential, and tie that development to the creation of more and better Montana jobs.

Promoting economic development in the state's private sector and increasing the number of high paying jobs for Montanans remain two goals atop every list of objectives for Montana's future. The executive budget recommends funding for a comprehensive effort, developed with considerable public input, referred to as the Montana Science and Technology Action Agenda.

The recommendation follows more than a year's work by the members of the Montana Science and Technology Advisory Council, who conducted research and solicited the views and opinions of Montanans to determine what steps are necessary to improve Montana's recognized role as a leader in science and technology development. Moreover, their focus was to determine how science and technology could be developed in Montana for the betterment of Montanans.

The advisory council has developed a five-part strategy for achieving the specific goals they have established. Their strategy calls for a state investment, taken from the coal severance tax trust fund, to match grants solicited from the federal government and private sector sources. The non-general fund match would range from 50% to 75%. The funds are intended for use in the following five areas:

Seed Capital	\$8.0 million
Special Research Centers	\$2.0 million
Biotechnology Projects	\$4.0 million
Basic Research	\$6.0 million
Industry Specific Applied Research Projects	\$3.5 million
TOTAL	\$23.5 million

TOTAL

Adapt to the changing international marketplace. Lost earnings to general fund \$900,000 in FY94 \$1.9 million in FY95

In today's global economy, Montana's economic survival depends on its ability to adapt to the changing international marketplace. The state has been a strong player in this field. This major commitment will serve to secure the state's place at the head of the list for the recruitment of investment and the creation of jobs. The lost interest earnings to the general fund are budgeted at \$900,000 in FY94 and \$1.9 million in FY95.



## POLICY INITIATIVE B

Require the Montana Science and Technology Alliance to utilize project loan paybacks for agency operations.

*Eventually state special revenue will replace general fund in the operating budget*

It is recommended that appropriate statutes be amended to require the Montana Science and Technology Alliance (MSTA) to utilize project loan paybacks before utilizing general fund. As investment returns grow, the intention is that state special revenue would eventually replace general fund in the program budget. Currently, projected paybacks are \$62,450 in FY94 and \$124,500 in FY95.

*MSTA manages two investment funds*

The MSTA manages two investment funds for the purpose of strengthening entrepreneurial business development in Montana by encouraging the utilization of innovative technology to the benefit of the state's economy.

The seed capital investment fund was established and financed through passage of HB683 by the 1989 Legislature. This law authorized MSTA to manage \$7.5 million of the in-state investment fund (part of the coal severance tax trust fund) for financing new and expanding technology-based businesses in Montana.

The MSTA Research and Development Program is financed through the general fund, as is the operations budget.

*State special revenue account already established for paybacks*

A state special revenue account already has been established for paybacks of principal and earnings on research and development project loans, on seed capital project loans, and the paybacks of principal and earnings from any agreement executed by the board between July 1, 1985 and March 31, 1989. (90-3-305, MCA) During the January 1992 Special Session, 90-3-305, MCA, was temporarily amended to state that any funds in excess of \$50,000 in the state special revenue account were to revert to the general fund. The temporary provision terminates on June 30, 1993.

*Appropriated budget plus 10% incentive for effort*

This initiative is consistent with the special session effort to reduce demand on the general fund. As the loan paybacks increase, the MSTA dependency on general fund will decrease and be eliminated. As an incentive for entrepreneurial effort, it is further recommended that a 10% increase in the appropriated operating budget for any fiscal year be authorized whenever the general fund has been reduced to zero and the account balance is sufficient for the incentive.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	14.00	14.00	14.00	.00	14.00	.00	14.00	
Personal Services	375,209.24	422,025	437,240	0	437,240	438,124	0	438,124
Operating Expenses	791,583.55	1,628,303	1,052,065	0	1,052,065	1,016,811	0	1,016,811
Equipment	48,765.31	3,950	14,600	0	14,600	0	0	0
Total Agency Costs	\$1,215,558.10	\$2,054,278	\$1,503,905	\$0	\$1,503,905	\$1,454,935	\$0	\$1,454,935
Proprietary Fund	1,215,558.10	2,054,278	1,503,905	0	1,503,905	1,454,935	0	1,454,935
Total Funding Costs	\$1,215,558.10	\$2,054,278	\$1,503,905	\$0	\$1,503,905	\$1,454,935	\$0	\$1,454,935

**CURRENT LEVEL SERVICES:** The FTE level for the Board of Housing remains at 14.

Operating expenses have increased by approximately \$260,000 in FY94 and \$225,000 in FY95 in comparison with FY92 actual. Contracted services increase by \$40,000 in FY94 and \$65,000 in FY95 due to new bond issues in the biennium. Legal fees are anticipated to increase to \$40,000 for each year and audit fees are estimated to be \$64,400 in FY94 an increase of \$26,924 over FY92 actual. The department is estimating a loan delinquency rate 2 of 4% or 400 delinquent loans. Of the 400, 40% are estimated to be actual foreclosures. Projecting a \$2,000 foreclosure fee per loan, the budget reflects a total cost of \$320,000. Of the

estimated 160 loan foreclosures, 20% or 30 loans are estimated to be guaranteed by the VA. Approximately 16 of the 30 loans will result in no bid property becoming real estate owned by the Board. On the average it has been costing approximately \$1,800 a year per loan on real estate owned property in management expenses. The agency is projecting that they will need \$28,800 in FY94 and FY95 for property management. Other increases are in fixed costs, equipment maintenance, and insurance on the properties owned by the Board.

The equipment request in FY94 includes two computer terminals, a vaxserver, filing cabinets, a FAX, and a microfiche reader/printer. The budget is supported with proprietary funds.

26501-75 INVESTMENTS DIVISION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	27.00	29.00	28.00	.00	28.00	.00
Personal Services	1,138,190.14	1,221,565	1,252,302	0	1,255,557	0
Operating Expenses	563,293.99	561,245	608,240	86,626	518,407	86,626
Equipment	6,575.01	12,000	36,190	0	36,190	0
Transfers	0.00	6,750,000	0	0	0	0
Debt Service	8,313,512.88	9,400,000	0	0	0	0
Total Agency Costs	\$10,021,572.02	\$17,944,810	\$1,896,732	\$86,626	\$1,810,154	\$86,626
			\$1,983,358		\$1,896,780	
Proprietary Fund	10,021,572.02	11,194,810	1,896,732	86,626	1,810,154	86,626
Non-expendable Trust Fund	0.00	6,750,000	0	0	0	0
Total Funding Costs	\$10,021,572.02	\$17,944,810	\$1,896,732	\$86,626	\$1,810,154	\$86,626
			\$1,983,358		\$1,896,780	

**CURRENT LEVEL SERVICES:** The proposed budget allows the Board of Investments to maintain its current level of operation. The only increases other than fixed costs are: 1) rent of \$5,000 in FY94 and \$6,000 in FY95, 2) maintenance contracts on computer

systems and equipment of \$3,000 each year, and, 3) replacement of UNIX system over next three years at an approximate cost of \$30,000 each year of the 1995 biennium.

**MODIFIED LEVEL SERVICES:** Board of Investments Workload Increase This modification allows for increases in contracted services for bond compliance, accounting/computer systems analyst and clerical support for the Board of Investments (BOI). Since July 1989, BOI's bond and loan portfolio has grown more than 200%.

Accounting/computer support is needed to improve several BOI accounting systems including coal tax loan system, STIP and MONTCOMP. These systems account for BOI's \$4 billion investment portfolio. The cost of this modification is \$60,000 each year of the 1995 biennium of BOI proprietary funding.



6501-77 MONTANA STATE LOTTERY

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	37.00	36.00	36.00	.00	36.00	.00
Personal Services	1,073,942.50	1,114,842	1,151,565	0	1,154,000	0
Operating Expenses	21,046,592.09	24,019,367	6,037,000	0	5,533,847	0
Equipment	26,049.55	55,500	84,158	0	4,798	0
Transfers	5,582,834.62	6,400,000	0	0	0	0
Total Agency Costs	\$27,729,418.76	\$31,589,709	\$7,272,723	\$0	\$6,692,645	\$0
Proprietary Fund	27,729,418.76	31,589,709	7,272,723	0	6,692,645	0
Total Funding Costs	\$27,729,418.76	\$31,589,709	\$7,272,723	\$0	\$6,692,645	\$0

**CURRENT LEVEL SERVICES:** The Montana Lottery is a proprietary fund operation. Prizes, commissions, and net operating transfers are statutorily appropriated, 23-7-402, MCA, while operating expenses are included in the general appropriations act.

In accordance with the 5% personal service reduction mandated in HB02, 1.00 FTE was eliminated for a savings of \$28,186 in FY94 and \$28,213 in FY95.

The proposed budget allows this program to maintain its current level of operations and includes audit costs of \$139,033 in FY94. The equipment request consists of the replacement of 5 vehicles used by the marketing staff in FY94, upgrading of the Stratus XA0600 used for instant ticket accounting in FY94, and the purchase of personal computer equipment.

6501-78 BOARD OF HORSE RACING

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	4.78	4.78	3.78	.00	3.78	.00
Personal Services	96,787.65	119,744	114,973	0	114,973	0
Operating Expenses	91,037.71	177,921	124,128	0	124,128	0
Equipment	0.00	2,000	2,000	0	2,000	0
Total Agency Costs	<u>\$187,825.36</u>	<u>\$299,665</u>	<u>\$241,101</u>	<u>\$0</u>	<u>\$241,593</u>	<u>\$0</u>
State Special Revenue Fund	187,825.36	299,665	241,101	0	241,593	0
Total Funding Costs	<u>\$187,825.36</u>	<u>\$299,665</u>	<u>\$241,101</u>	<u>\$0</u>	<u>\$241,593</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** The reduction of 1.00 FTE and \$19,500 each year of the biennium is to comply with the 5% personal services reduction in HB2. Board per diem increases \$3,000 each year for the five members.

The increases in operating each year are a reflection of adjustments of \$27,000 in contracted services and equipment replacement of \$2,000 is the same as FY93 appropriated.

## 6501-81 DIRECTOR/MANAGEMENT SERVICES

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	22.59	22.84	22.59	.00	22.59	.00
Personal Services	751,876.76	764,654	813,181	0	813,181	0
Operating Expenses	156,145.52	199,210	148,370	0	148,370	0
Equipment	16,685.50	1,000	12,624	100,000	112,624	0
Total Agency Costs	<u>\$924,707.78</u>	<u>\$964,864</u>	<u>\$974,175</u>	<u>\$100,000</u>	<u>\$1,074,175</u>	<u>\$0</u>
General Fund	93,551.76	99,873	116,128	0	116,128	0
Proprietary Fund	831,156.02	864,991	858,047	100,000	958,047	0
Total Funding Costs	<u>\$924,707.78</u>	<u>\$964,864</u>	<u>\$974,175</u>	<u>\$100,000</u>	<u>\$1,074,175</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** Personal services proposed budget allows the agency to maintain its current level of operation.

An increase of Information Services training is included for \$2,000 each year. The D.P. staff is required to attend training session on conversion to Local Areas Networks (LAN).

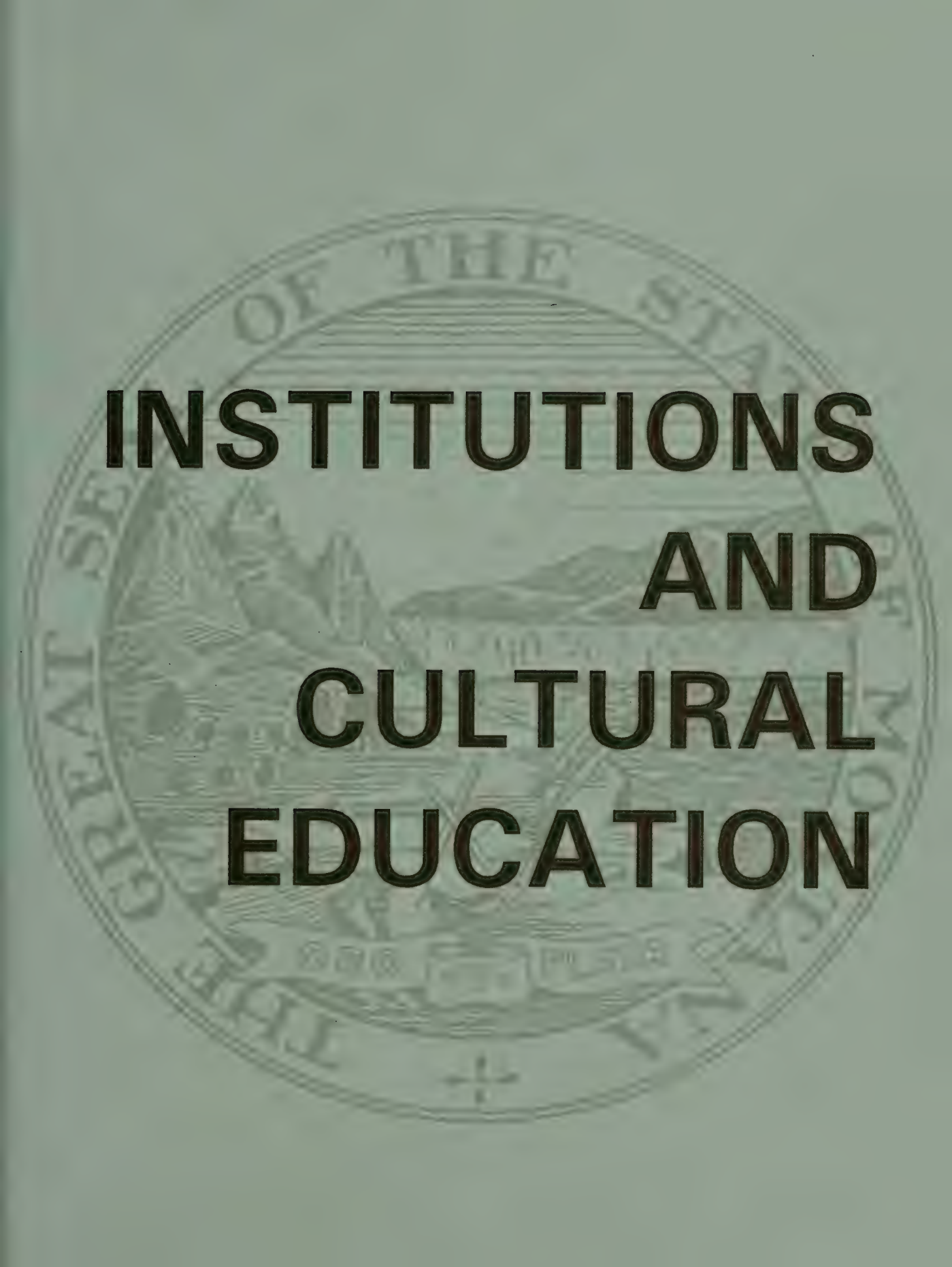
Maintenance contracts increase \$3,500 each year for PC's and printers.

Equipment recommendations include furniture, single user computers and software for a cost of \$7,824 in FY94 and \$6,600 in FY95. Actual expenditures in FY92 were \$14,519.

**MODIFIED LEVEL SERVICES:** Data Processing/Computer Capacity The purpose of this modification is to expand the department's computer capacity. Due to normal growth in usage, plus new people and applications, the department needs more power from their computers. Also, Information Services Division, Department

of Administration, has directed the Commerce Department to move towards an "open system" (PC Local Area Network-LAN). The department seeks a biennial appropriation for computer costs so that the items can be purchased at the best time and price to meet department demand. The total proprietary fund cost is \$100,000.



The background of the cover features a large, faint, circular seal of the State of Tennessee. The seal contains the text "THE GREAT SEAL OF THE STATE OF TENNESSEE" around its perimeter. The central image of the seal depicts a landscape with mountains, a river, and a plow, symbolizing the state's agricultural and geographical heritage.

# **INSTITUTIONS AND CULTURAL EDUCATION**



## Montana Arts Council

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	8.97	8.97	7.97	2.00	9.97	7.97	2.00	9.97
Personal Services	264,245.62	277,756	246,326	54,300	300,626	248,036	54,352	302,388
Operating Expenses	345,462.88	398,437	316,402	30,597	346,999	300,679	31,108	331,787
Equipment	1,493.00	0	1,520	0	1,520	0	0	0
Grants	763,039.77	1,146,998	253,786	0	253,786	264,028	0	264,028
Total Agency Costs	<u>\$1,374,241.27</u>	<u>\$1,823,191</u>	<u>\$818,034</u>	<u>\$84,897</u>	<u>\$902,931</u>	<u>\$812,743</u>	<u>\$85,460</u>	<u>\$898,203</u>
General Fund	133,560.24	19,119	144,548	0	144,548	141,087	0	141,087
State Special Revenue Fund	668,482.75	1,094,769	155,886	60,248	216,134	154,056	60,608	214,664
Federal Special Revenue Fund	572,198.28	709,303	517,600	24,649	542,249	517,600	24,852	542,452
Total Funding	<u>\$1,374,241.27</u>	<u>\$1,823,191</u>	<u>\$818,034</u>	<u>\$84,897</u>	<u>\$902,931</u>	<u>\$812,743</u>	<u>\$85,460</u>	<u>\$898,203</u>
Promotion Of The Arts	1,374,241.27	1,823,191	818,034	84,897	902,931	812,743	85,460	898,203
Total Program Costs	<u>\$1,374,241.27</u>	<u>\$1,823,191</u>	<u>\$818,034</u>	<u>\$84,897</u>	<u>\$902,931</u>	<u>\$812,743</u>	<u>\$85,460</u>	<u>\$898,203</u>

**MISSION STATEMENT:** To encourage the study and presentation of the arts in Montana and to stimulate public interest and participation.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	8.97	8.97	7.97	2.00	7.97	2.00
Personal Services	264,245.62	277,756	246,326	54,300	248,036	54,352
Operating Expenses	345,462.88	398,437	316,402	30,597	300,679	31,108
Equipment	1,493.00	0	1,520	0	0	0
Grants	763,039.77	1,146,998	253,786	0	264,028	0
<b>Total Agency Costs</b>	<b>\$1,374,241.27</b>	<b>\$1,823,191</b>	<b>\$818,034</b>	<b>\$84,897</b>	<b>\$812,743</b>	<b>\$85,460</b>
General Fund	133,560.24	19,119	144,548	0	141,087	0
State Special Revenue Fund	668,482.75	1,094,769	155,886	60,248	154,056	60,608
Federal Special Revenue Fund	572,198.28	709,303	517,600	24,649	517,600	24,852
<b>Total Funding Costs</b>	<b>\$1,374,241.27</b>	<b>\$1,823,191</b>	<b>\$818,034</b>	<b>\$84,897</b>	<b>\$812,743</b>	<b>\$85,460</b>

**CURRENT LEVEL SERVICES:** Changes in personal services are due to pay plan. Changes in operating expenses include: Increases of \$3,200 each year of the biennium in public information contract, increase of \$29,150 in federal grant and community match honoraria for Artists in Education residencies, and increases in honoraria for out-of-state panelists to achieve conflict-free panels.

Communications and rent base adjustments of approximately \$10,300 each year reflect charges following a building change for the council. Statewide indirect costs, which were not included in the 1993 biennium, are \$4,658 in FY94 and FY95.

**MODIFIED LEVEL SERVICES:** Folklife Program This modification is to continue to provide operating expenses for the Montana Folklife Program, established in 1979 and funded with cultural and aesthetic projects funds (coal tax), as one of the first grants from that source. The purpose of the program is to identify, research and document those Montanans who are bearers of traditional cultures, and to educate the public about Montana folkarts and folkways through the production of books, records, articles, and other presentations. Since the program began, total funding has been \$446,288, with 79% from cultural and aesthetic projects funds (\$350,849) and the balance from federal grants from the National Endowment for the Arts (NEA), of which \$45,339 has

been provided directly from its federal funds by the council and \$50,100 in direct grants from the NEA. The project employs 1.00 FTE grade 13 director.

Rural Arts Specialist The purpose of this modification is to provide operating expenses for the Montana Rural Arts Specialist Program, established in 1992 and funded by a combination of cultural and aesthetic projects funds matching a federal grant. The program provides technical assistance to state pre-local arts agencies (LAA), volunteer, beginning, and/or professional arts agencies in rural areas including the seven Montana Indian reservations. A contracted rural arts specialist provided the majority of this work

during the 1992 biennium and will augment the council's existing LAA initiative program. This position would be changed to an FTE and grants to rural arts organizations would enable contracting with specialized consultants for additional technical assistance as needed. A program brochure and rural arts network newsletter

would be established and, where appropriate, electronic communications would supplement on-site visits and printed materials. A statewide committee plans and conducts an annual meeting and provides information to the council to guide its rural and LAA development efforts.

## Montana State Library

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	38.22	37.29	27.76	1.74	29.50	27.76	1.74	29.50
Personal Services	974,316.80	1,048,974	846,779	39,373	886,152	849,717	39,507	889,224
Operating Expenses	596,837.53	596,888	477,936	17,500	495,436	469,611	10,000	479,611
Equipment	250,309.39	183,236	123,727	17,500	141,227	124,657	0	124,657
Capital Outlay	0.00	5,000	0	0	0	0	0	0
Grants	737,137.86	1,443,868	1,727,580	0	1,727,580	372,916	0	372,916
Transfers	0.00	21,177	850,000	0	850,000	0	0	0
Debt Service	16,764.33	0	1,752	0	1,752	876	0	876
Total Agency Costs	\$2,575,365.91	\$3,299,143	\$4,027,774	\$74,373	\$4,102,147	\$1,817,777	\$49,507	\$1,867,284
General Fund	1,072,955.76	1,104,911	1,238,760	23,139	1,261,899	1,038,837	23,182	1,062,019
State Special Revenue Fund	719,280.68	685,348	450,874	33,720	484,594	400,862	8,740	409,602
Federal Special Revenue Fund	783,129.47	1,508,884	2,338,140	17,514	2,355,654	378,078	17,585	395,663
Total Funding	\$2,575,365.91	\$3,299,143	\$4,027,774	\$74,373	\$4,102,147	\$1,817,777	\$49,507	\$1,867,284
State Library Operations	1,889,829.06	2,698,251	2,922,900	58,053	2,980,953	1,562,915	33,167	1,596,082
Natural Resource Info Services	685,680.892	1,104,874	16,320	1,121,194	254,862	16,340	271,202	
Total Program Costs	\$2,575,365.91	\$3,299,143	\$4,027,774	\$74,373	\$4,102,147	\$1,817,777	\$49,507	\$1,867,284

**MISSION STATEMENT:** To provide library services to all Montanans by giving assistance, advice, and services to all libraries, citizens, and governments.



## 5115-01 STATE LIBRARY OPERATIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	26.00	26.38	23.98	1.52	25.50	23.98	1.52	25.50
Personal Services	704,210.97	715,927	719,339	33,053	752,392	722,077	33,167	755,244
Operating Expenses	323,991.71	366,300	354,274	7,500	361,774	346,223	0	346,223
Equipment	123,174.52	167,156	119,955	17,500	137,455	120,823	0	120,823
Capital Outlay	0.00	5,000	0	0	0	0	0	0
Grants	737,137.86	1,443,868	1,727,580	0	1,727,580	372,916	0	372,916
Debt Service	1,314.00	0	1,752	0	1,752	876	0	876
Total Agency Costs	\$1,889,829.06	\$2,698,251	\$2,922,900	\$58,053	\$2,980,953	\$1,562,915	\$33,167	\$1,596,082
General Fund	1,071,149.33	1,102,911	1,238,760	23,139	1,261,899	1,038,837	23,182	1,062,019
State Special Revenue Fund	176,994.92	190,476	161,000	25,000	186,000	161,000	0	161,000
Federal Special Revenue Fund	641,684.81	1,404,864	1,523,140	9,914	1,533,054	363,078	9,985	373,063
Total Funding Costs	\$1,889,829.06	\$2,698,251	\$2,922,900	\$58,053	\$2,980,953	\$1,562,915	\$33,167	\$1,596,082

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include (a) increase in fixed costs of \$20,287 in general fund and (b) 1.52 FTE and \$23,138 general fund and \$12,481 other funds for the

required 5% personal services reduction. Recommended equipment includes book purchases of \$114,050 each year of the biennium which is the same as FY92 actual expenditures.

**MODIFIED LEVEL SERVICES:** Personal Services Budget Modifications To restore the 1.52 FTE and \$23,138 general fund and \$12,481 other funds which resulted from the 5% reduction in personal services; for the following positions: 0.50 FTE grade 7 secretary in administration which provides agency-wide support and state aid to libraries support; 0.50 FTE grade 12 librarian in library development which is responsible for children's and institutional library services; 0.50 FTE grade 7 library clerk in blind and physically handicapped which is responsible for circulation of materials by using volunteers; 0.02 grade 15 accountant.

Library for the Blind and Physically Handicapped Requests To

provide a biennial appropriation of \$25,000 of other funds; to authorize depositing of donations and bequests from private donors to the library into an interest-bearing account for the express benefit of the Montana library for the blind and physically handicapped. The appropriation would be used only for bequests received. Specific uses which have been identified, reflecting current needs, include the upgrading of computer hardware and software for greater efficiency, updating the catalog of Montana cassette books, and continuation of outreach services to eligible readers. The funds would be under the control of the state treasurer or in an account designated by the state treasurer.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod/Policy	Current Level	Mod/Policy
			Total		Total	
Full Time Equivalent Employees	12.22	10.91	3.78	.22	4.00	.22
Personal Services	270,105.83	333,047	127,440	6,320	133,760	6,340
Operating Expenses	272,845.82	230,588	123,662	10,000	133,662	10,000
Equipment	127,134.87	16,080	3,772	0	3,772	0
Transfers	0.00	21,177	850,000	0	850,000	0
Debt Service	15,450.33	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$685,536.85</b>	<b>\$600,892</b>	<b>\$1,104,874</b>	<b>\$16,320</b>	<b>\$1,121,194</b>	<b>\$16,340</b>
General Fund	1,806.43	2,000	0	0	0	0
State Special Revenue Fund	542,285.76	494,872	289,874	8,720	298,594	8,740
Federal Special Revenue Fund	141,444.66	104,020	815,000	7,600	822,600	7,600
<b>Total Funding Costs</b>	<b>\$685,536.85</b>	<b>\$600,892</b>	<b>\$1,104,874</b>	<b>\$16,320</b>	<b>\$1,121,194</b>	<b>\$16,340</b>
					<b>\$254,862</b>	<b>\$271,202</b>

**CURRENT LEVEL SERVICES:** Changes from FY92 actual expenditures to the 1995 biennium recommendations include an increase of \$6,644 in FY94 and \$6,651 in FY95 of Resource

Indemnity Trust (RIT) funding to allow for upgrades in personal services.

**MODIFIED LEVEL SERVICES:** Personal Services Budget Modifications To restore the 0.22 FTE and \$6,050 other funds which resulted from the 5% reduction in personal services; for the following positions: 0.10 FTE Grade 11 Data Base Technician and 0.12 FTE Grade 14 Information System Specialist.

NRIS Contract Authority To provide biennial contract authority for \$850,000; to enable NRIS to enter into service contracts with other state, local, federal and private entities without having to seek a budget amendment for each contract. NRIS has continued to provide increased services in response to the demand for its information services. The Governor's budget office, in a July 1990 memo to the State Library, cited the use of expanded contract

authority as the most efficient method to "reduce delays, eliminate many small time-consuming budget amendments and allow NRIS to meet demands in a timely manner." The pattern of growth of the demand has clearly indicated that the current contract authority will be outstripped without an increase in this authority.

Montana Department of State Lands (DSL) Core Support for NRIS To appropriate annually \$10,000 of federal and state special revenue to NRIS; to allow this annual contribution from DSL to move into current level via the legislative appropriation process so that this continuing funding will not have to be requested each year via the administrative appropriation process. This amount will become part of the "core funding" for the NRIS program.



# Montana Historical Society

	FY1992	FY1993	Fiscal Year 1994		Fiscal Year 1995	
	Actual	Appropriated	Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	50.64	52.64	45.29	6.59	45.29	6.59
Personal Services	1,413,881.55	1,473,542	1,378,687	132,685	1,382,432	132,807
Operating Expenses	777,883.67	910,095	850,597	81,622	827,121	71,622
Equipment	33,516.19	27,282	46,868	3,900	38,387	1,095
Grants	139,589.80	350,000	350,000	0	350,000	0
Transfers	50,996.00	51,465	51,465	0	51,465	0
Debt Service	481.30	0	0	0	0	0
Total Agency Costs	\$2,416,348.51	\$2,812,384	\$2,677,617	\$218,207	\$2,649,405	\$205,524
General Fund	1,272,410.35	1,258,542	1,373,240	102,999	1,350,219	93,076
State Special Revenue Fund	157,959.83	301,672	95,546	18,501	95,862	14,603
Federal Special Revenue Fund	453,136.77	691,260	654,506	58,189	644,286	58,192
Proprietary Fund	532,841.56	560,910	554,325	38,518	559,038	39,653
Total Funding	\$2,416,348.51	\$2,812,384	\$2,677,617	\$218,207	\$2,649,405	\$205,524
Administration Program	654,198.81	740,566	674,491	117,800	662,401	103,979
Library Program	488,582.04	507,182	498,416	8,049	490,848	9,144
Museum Program	244,956.90	260,879	243,037	3,700	242,555	3,700
Publications	560,544.59	579,633	571,001	30,469	573,311	30,509
Historical Sites Preservation	468,066.17	724,124	690,672	58,189	680,290	58,192
Total Program Costs	\$2,416,348.51	\$2,812,384	\$2,677,617	\$218,207	\$2,649,405	\$205,524

**MISSION STATEMENT:** To acquire, preserve and provide access to the things of history for the use, learning, culture and enjoyment of the citizens of the state and visitors to Montana.



## 5117-01 ADMINISTRATION PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Total	Current Level	Total
Full Time Equivalent Employees	14.50	14.50	11.80	16.75	11.80	16.75
Personal Services	384,668.30	411,652	355,100	448,700	356,220	449,899
Operating Expenses	269,530.51	328,914	318,724	339,024	306,181	316,481
Equipment	.00	0	667	4,567	0	0
<b>Total Agency Costs</b>	<b>\$654,198.81</b>	<b>\$740,566</b>	<b>\$674,491</b>	<b>\$792,291</b>	<b>\$662,401</b>	<b>\$766,380</b>
General Fund	499,877.60	528,794	552,153	655,152	539,631	632,707
State Special Revenue Fund	118,818.21	174,965	77,483	92,284	77,583	88,486
Federal Special Revenue Fund	35,503.00	36,807	44,855	44,855	45,187	45,187
<b>Total Funding Costs</b>	<b>\$654,198.81</b>	<b>\$740,566</b>	<b>\$674,491</b>	<b>\$792,291</b>	<b>\$662,401</b>	<b>\$766,380</b>

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommended current level include the following: 1) personal services 5% reduction resulting from Section 13 of HB2 for \$48,270; 2) fixed costs increase of \$49,571, with the major increase for insurance of \$41,466 in

FY94 and \$44,263 in FY95; 3) \$15,104 for exhibit renovations and presentations that were unexpended because of shortfall in FY92 donations revenue; and 4) increase in the statewide cost allocation of \$3,974.

**MODIFIED LEVEL SERVICES:** Public Information This modification would increase the society's public information officer from a 0.75 FTE to 1.00 FTE funded with donations of \$5,709 in FY94 and \$5,710 in FY95. It is necessary to increase the amount of information disseminated by the society, particularly in the areas of programming and collections, to achieve a level of awareness which will better serve the Montana public, not only to assist the public, but also to lead to donations of funds and collections, attendance at events and a general support of the agency's effort to promote and preserve Montana history, while minimizing impact on state tax revenue.

**Public Information Computer** A personal computer, printer and essential software will be purchased with donations of \$3,900 in FY94 in order to make better use of the public information officer's time; to make production of press release and event calendars,

etc., more timely and efficient.

**Weekend Security** Add a 0.50 FTE security/information position to allow opening the society weekends and most holidays throughout the year with general fund of \$10,845 in FY94 and \$10,847 in FY95. Further, this position would allow increased staffing on weekends to permit the society to open the upper floors of the building to public access. The modification is prompted by continuing complaints on the part of the public directed to the society, the Governor's office and individual legislators.

**Career Executive Assignment Position 0.50 FTE** This significant agency position, reduced as part of the 5% requirement, provides coordination of fund raising and grant seeking which is crucial to the agency as general fund diminishes. Further, the position acts

as facilitator-coordinator of agencywide activities to assist the director and promote planning, exhibits and acquisitions. General fund of \$23,392 in FY94 and \$23,516 in FY95.

Education Officer Position 0.20 FTE This position, reduced as part of the 5%, provides services, primarily to schools, through tours of the Museum, footlocker exhibits and slides and tape presentations. Donations of \$5,192 in FY94 and \$5,193 in FY95.

Tour Coordinator (Capitol Tours) Position 0.50 FTE This position, reduced as part of the 5%, provides tour coordination service for

the capitol building, the society museum, the original governor's mansion, the justice building and Fish, Wildlife and Parks. In addition, this position provides tours as a "fill-in" and on call during the off season. General fund of \$11,614 in FY94 and \$11,615 in FY95.

Tour Guide Position 0.50 FTE This position, eliminated as part of the 5%, is authorized as an aggregate (more than one individual in the position) to provide the minimal current level touring services in the Capitol during the summer and the legislative sessions. General fund of \$7,885 in FY94 and \$7,954 in FY95.

## POLICY INITIATIVE

State Capitol and Original Governor's Mansion tours shall be provided to meet the needs of the general public and out-of-state tourists.

*State Capitol  
and Original Governor's  
Mansion tours  
attract tourists.*

One significant purpose of the Montana Historical Society is state history education and interpretation, which is accomplished by many activities including guided tours of the Capitol building and the Original Governor's Mansion. The tours are offered to any group scheduling a planned visit to Helena and to all visitors on a regular basis during the summer months. More than 70 bus tours of Canadian, Japanese, European and other visitors make special arrangements to come to Helena for tours of the Capitol each year. Tour guides include both paid staff and trained volunteers.

During FY91, more than 18,665 visitors participated in the Capitol tour and countless others received information about places to see and things to do in Helena and throughout the state from the tour guides stationed in the Rotunda. During FY91, more than 7,645 visitors participated in tours of the Original Governor's Mansion which is designated an historic house museum.

*Economic benefit  
is about \$336  
per day*

Since regular guided Capitol tours were curtailed in July 1991 and mansion tours were eliminated in January 1992 because of budget reductions, the FY92 registered visitors dropped to 7,781 and 4,013, respectively. The average expenditure from a tourist day in Helena is approximately \$140, which results in an economic benefit of about \$336. Clearly, an expenditure of about \$60,000 general fund each year will be a cost-effective investment in the state economy. Moreover, tourists express disappointment and frustration over Montana's lack of welcome when tour guides are absent and they wander into Capitol offices asking questions about the Capitol, Helena and the state.

*Tax reform revenue  
on accommodations  
recommended for  
tours*

This policy initiative recommends general fund of \$61,000 in FY94 and \$52,000 in FY95 for 1.50 FTE to expand Capitol tours to every half hour during the busiest summer months and to provide hourly tours in the spring and fall from 10 o'clock am until 4 o'clock pm, plus 1.00 FTE aggregate for Original Governor's Mansion tours seven days a week during the summer, six days a week during legislative sessions and on-call other times, and \$20,000 for brochures and other operating expenses the first year, with \$10,000 budgeted the second year and thereafter. In addition, there is 1.00 FTE aggregate for increased traffic and sales in the Museum store, funded with \$16,000 of proprietary revenue each year. The general fund is contingent on funding from a portion of comprehensive tax reform sales tax revenue which would be generated on accommodations. The modification would be approved only if the policy of reinvesting a portion of this revenue in tourism services is adopted.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	14.50	14.50	13.50	.25	13.75	13.50	.25	13.75
Personal Services	405,298.51	414,363	412,393	4,449	416,842	413,291	4,449	417,740
Operating Expenses	67,290.46	74,245	62,394	3,600	65,994	59,112	3,600	62,712
Equipment	15,993.07	18,574	23,629	0	23,629	18,445	1,095	19,540
Total Agency Costs	\$488,582.04	\$507,182	\$498,416	\$8,049	\$506,465	\$490,848	\$9,144	\$499,992
General Fund	423,059.54	429,429	460,800	0	460,800	450,620	0	450,620
State Special Revenue Fund	32,829.24	49,437	6,942	0	6,942	7,158	0	7,158
Proprietary Fund	32,693.26	28,316	30,674	8,049	38,723	33,070	9,144	42,214
Total Funding Costs	\$488,582.04	\$507,182	\$498,416	\$8,049	\$506,465	\$490,848	\$9,144	\$499,992

**CURRENT LEVEL SERVICES:** The proposed budget allows this program to maintain its current level operation. The only significant change in the library is an increase in equipment of

\$12,795 in FY94 and \$7,611 in FY95 based on using a three-year average, which is higher than FY92 actual.

**MODIFIED LEVEL SERVICES:** Photo Archives Storage Materials  
This modification would provide additional spending authority needed by the photo archives section to purchase boxes and sleeves, which are needed to properly store historic photographs and negatives. This increased purchase is forced both by backlog and an increased rate of donations for the section. Proper storage materials are mandatory if deterioration of the prints and negatives is to be retarded. Proprietary funds of \$2,400 each year of the biennium.

Photograph Print Washer This modification would be used to purchase a 16" x 20" print washer for the photo archives darkroom because current equipment has been borrowed from an employee of the society and this can not be a permanent solution. A large format washer is important for two reasons: it allows the correct processing of prints for exhibit to archival standards for permanence, and it ensures that large format prints can be provided to the public, primarily for individual decoration.

Proprietary funds of \$1,095 in FY95.

Photo Archives Clerk This modification would increase the photoarchives clerk from 0.50 FTE to 0.75 FTE in order to provide sufficient hours to sustain the response to public orders for photographic copies and to meet the need to properly store new acquisitions as they are received. Current staffing cannot handle this workload and the other responsibilities assigned to the section. The person in this position prepares all the orders and sorts and stores all incoming acquisitions. Proprietary funds of \$4,449 each year of the biennium.

Motion Picture Conservation This modification would allow the conservation of historical motion pictures which the society has acquired in the past fifteen years. Many of these old films have deteriorated so that images are in danger and cannot be run through a projector. Sending these films to the Oregon Historical Society laboratory would provide new direct copies as well as, in

images available for possible public viewing for the more significant films. Proprietary funds of \$1,200 each year of the biennium.

## 5117-03 MUSEUM PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	7.26	8.09	6.50	.00	6.50	6.50	.00	6.50
Personal Services	199,191.77	191,799	191,633	0	191,633	192,172	0	192,172
Operating Expenses	40,770.52	69,080	50,274	3,700	53,974	50,383	3,700	54,083
Equipment	4,994.61	0	1,130	0	1,130	0	0	0
<b>Total Agency Costs</b>	<b>\$244,956.90</b>	<b>\$260,879</b>	<b>\$243,037</b>	<b>\$3,700</b>	<b>\$246,737</b>	<b>\$242,555</b>	<b>\$3,700</b>	<b>\$246,255</b>
General Fund	213,504.36	207,167	227,801	0	227,801	227,312	0	227,312
State Special Revenue Fund	4,095.00	19,487	11,121	3,700	14,821	11,121	3,700	14,821
Federal Special Revenue Fund	23,257.83	30,104	0	0	0	0	0	0
Proprietary Fund	4,099.71	4,121	4,115	0	4,115	4,122	0	4,122
<b>Total Funding Costs</b>	<b>\$244,956.90</b>	<b>\$260,879</b>	<b>\$243,037</b>	<b>\$3,700</b>	<b>\$246,737</b>	<b>\$242,555</b>	<b>\$3,700</b>	<b>\$246,255</b>

presentations that was unexpended because of lack of donations revenue; 2) increase in equipment of \$1,130 each year due to the three-year average being higher than FY92 actual.

windows in the mansion to protect the building fabric and furnishings from sun damage. This protection is vital if the state is to avoid the loss caused by UV damage to irreplaceable artifacts, furnishings and fabric. Funding is from donations of \$3,700 each year of the biennium.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
					Total	Total
Full Time Equivalent Employees	6.88	6.88	6.49	.89	7.38	.89
Personal Services	178,023.37	184,224	182,406	18,469	200,875	18,509
Operating Expenses	331,043.92	343,393	335,630	12,000	347,630	12,000
Equipment	0.00	551	1,500	0	1,500	0
Transfers	50,996.00	51,465	51,465	0	51,465	0
Debt Service	481.30	0	0	0	0	0
Total Agency Costs	\$560,544.59	\$579,633	\$571,001	\$30,469	\$601,470	\$30,509
General Fund	50,996.00	51,160	51,465	0	51,465	0
Federal Special Revenue Fund	13,500.00	0	0	0	0	0
Proprietary Fund	496,048.59	528,473	519,536	30,469	550,005	30,509
Total Funding Costs	\$560,544.59	\$579,633	\$571,001	\$30,469	\$601,470	\$30,509
					\$573,311	\$603,820

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include the following: 1) the 5% reduction resulting from Section 13 of HB2 of

\$5,795 in personal services; and 2) increase in equipment of \$1,500 due to the three-year average exceeding FY92 actual.

**MODIFIED LEVEL SERVICES: Press Editor** This modification would add 0.50 FTE editor for manuscripts submitted for possible publication by the Montana Historical Society Press. As knowledge of the press publication activities has expanded, a significant increase in manuscript submissions has occurred. Current staff can no longer respond to this level of interest in anything like a timely fashion. If the press is to maintain a successful status, this personnel addition must be made. Proprietary funds of \$12,938 in FY94 and \$12,975 in FY95.

per year, resulting in increased availability of Montana history reading to the public. With the increased number of titles in the press book list, the revenue is and will be available.

**Store Clerk** This 0.34 FTE clerk is the only such position available to the store and this decrease, which was part of the HB2 5% requirement, would cause difficulty in staffing the store, particularly during the summer. It is funded with proprietary revenue of \$4,648 in FY94 and \$4,649 in FY95.

**Press Book Authority** This modification would add \$12,000 of proprietary funds each year to the "Goods Purchased for Resale" category to finance book production. It has become routine to request budget amendments for the press operation to continue the production of proposed book titles as increased revenues are received. These additional funds would pay for about two books

**Shipping/Receiving Clerk** This portion of the 5% reduction from the only such position handling incoming inventory and outgoing orders would seriously hinder the efficiency of the merchandise unit and would inevitably result in reduction of proprietary revenue because of slow delivery during the Christmas season. It is funded with proprietary revenue of \$883 in FY94 and \$885 in FY95.



# 5117-06 HISTORICAL SITES PRESERVATION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	7.50	8.67	7.00	.50	7.50	7.00	.50	7.50
Personal Services								
Operating Expenses	246,699.60	271,504	237,155	16,167	253,322	237,712	16,170	253,882
Equipment	69,248.26	94,463	83,575	42,022	125,597	72,636	42,022	114,658
Grants	12,528.51	8,157	19,942	0	19,942	19,942	0	19,942
Total Agency Costs	139,589.80	350,000	350,000	0	350,000	350,000	0	350,000
	\$468,066.17	\$724,124	\$690,672	\$58,189	\$748,861	\$680,290	\$58,192	\$738,482
General Fund	84,972.85	41,992	81,021	0	81,021	81,191	0	81,191
State Special Revenue Fund	2,217.38	57,783	0	0	0	0	0	0
Federal Special Revenue Fund	380,875.94	624,349	609,651	58,189	667,840	599,099	58,192	657,291
Total Funding Costs	\$468,066.17	\$724,124	\$690,672	\$58,189	\$748,861	\$680,290	\$58,192	\$738,482

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include the following: 1) the 5% reduction resulting from Section 13 of HB2 of \$16,164 in personal services; 2) increase in equipment of \$11,904

due to the three-year average; and 3) increase in regrant authority for \$210,000 which was authorized in FY92, but, because of a decrease in applications, was unexpended.

**MODIFIED LEVEL SERVICES:** CRABS Data Base Management This modification would contract for Cultural Resource Annotated Bibliography System (CRABS) data base management. For the last five years, this system has developed into a primary reference tool for government agencies, consulting firms and researchers by organizing all cultural resource survey reports and integrating them with all historic and archaeological site records. The system allows developers and agencies to tailor their cultural resource work to areas where it is needed, understand site patterning and search for thematic equivalents. With existing staff, the CRABS system goes largely unused by agencies and firms that would benefit greatly, is maintained at only a minimal level and is rarely tapped for

information as sophisticated and useful as it might be. A part-time data manager would keep coding and shelving current, summarize the system's potential in handouts, search the state for documents not yet included, run searches, help agencies create direct computer links, and develop preservation planning data, arranged by themes, locations, agencies, and impacts. Federal special revenue of \$14,092 each year of the biennium.

**Field Survey Historian** This modification would contract with a field survey archaeologist/historian to conduct archaeological site and historic district surveys throughout Montana. This contract

would replace an equal amount of regrant funds currently being made available for these surveys among local entities which can not or will not comply with federal granting regulations, conduct the surveys according to work plan, or promptly deliver work products and reports at the end of the grant period. It will be less consuming of office staff time to conduct these surveys directly because there will be much less necessary follow-up and nagging of the grant recipients. This will not change the amount spent on such surveys or the number of surveys conducted, but it will make the office more efficient and result in better work products.

Federal special revenue of \$27,930 each year of the biennium.

Federal Grants Position This FTE reduction, resulting from the 5% requirement, is recommended to be restored because it would have significant impact on grants awarding and monitoring. There would be less timely and fewer grant awards each year to individuals and local governments, and reduced oversight of grant activities, which could result in audit exceptions and loss of federal funds from the National Park Service. Federal special revenue of \$16,167 in FY94 and \$16,170 in FY95.

## Department of Corrections &amp; Human Services

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	2,088.46	2,057.64	1,908.38	145.43	2,053.81	1,908.38	280.31	2,188.69
Personal Services	58,279,606.61	59,965,571	62,713,508	4,210,466	66,923,974	64,435,317	7,730,814	72,166,131
Operating Expenses	20,833,732.69	20,499,619	19,742,944	2,718,855	22,461,799	20,146,006	5,084,705	25,230,711
Equipment	824,238.76	647,068	637,496	538,305	1,175,801	694,309	549,080	1,243,389
Capital Outlay	46,055.90	16,500	90,000	0	90,000	70,000	0	70,000
Local Assistance	1,330,000.00	0	0	0	0	0	0	0
Grants	7,591,023.37	8,403,407	9,111,679	500,000	9,611,679	9,111,679	500,000	9,611,679
Debt Service	162,505.63	144,145	149,692	0	149,692	142,949	0	142,949
Total Agency Costs	\$89,067,162.96	\$89,676,310	\$92,445,319	\$7,967,626	\$100,412,945	\$94,600,260	\$13,864,599	\$108,464,859
General Fund	73,565,877.67	74,354,460	78,852,452	7,534,571	86,387,023	80,602,471	11,795,001	92,397,472
State Special Revenue Fund	5,961,183.14	5,118,665	4,991,600	155,442	5,147,042	5,075,673	823,674	5,899,347
Federal Special Revenue Fund	6,266,150.03	6,909,596	4,759,513	0	4,759,513	4,827,419	668,656	5,496,075
Proprietary Fund	3,273,952.12	3,293,589	3,841,754	277,613	4,119,367	4,094,697	577,268	4,671,965
Total Funding	\$89,067,162.96	\$89,676,310	\$92,445,319	\$7,967,626	\$100,412,945	\$94,600,260	\$13,864,599	\$108,464,859
Central Operations	1,812,274.51	1,861,440	2,504,283	0	2,504,283	2,450,677	0	2,450,677
Corrections Systems	29,538,683.44	30,326,990	32,823,638	6,239,043	39,062,681	33,482,917	9,934,782	43,417,699
Mental Health System	33,240,917.37	35,072,869	32,887,947	1,320,873	34,208,820	33,824,811	1,449,658	35,274,469
Chemical Dependency System	6,803,162.98	5,284,503	4,983,697	131,209	5,114,906	5,043,189	135,439	5,178,628
Developmental Disability System	14,913,004.61	14,135,502	16,043,783	0	16,043,783	16,502,135	0	16,502,135
Veteran's Nursing Home Program	2,759,120.05	2,995,006	3,201,971	276,501	3,478,472	3,296,531	2,344,720	5,641,251
Total Program Costs	\$89,067,162.96	\$89,676,310	\$92,445,319	\$7,967,626	\$100,412,945	\$94,600,260	\$13,864,599	\$108,464,859

**MISSION STATEMENT:** To serve all Montanans by providing a continuum of services appropriate to a diverse group of people whose illnesses, disabilities, or offenses inhibit their full participation in society through a partnership of skilled, dedicated, and innovative staff making a positive difference in the lives of those they serve. Programs operate in an environment of openness and mutual respect with staff taking pride in, and responsibility for, what they do.



6401-10 CENTRAL OPERATIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	44.00	43.00	44.00	.00	44.00	.00
Personal Services	1,371,246.08	1,402,129	1,503,676	0	1,503,676	0
Operating Expenses	293,911.92	343,867	868,544	0	810,606	0
Equipment	29,184.98	3,059	13,392	0	13,392	0
Debt Service	117,931.53	112,385	118,671	0	118,671	0
<b>Total Agency Costs</b>	<b>\$1,812,274.51</b>	<b>\$1,861,440</b>	<b>\$2,504,283</b>	<b>\$0</b>	<b>\$2,450,677</b>	<b>\$0</b>
General Fund	1,758,759.61	1,861,440	2,466,013	0	2,421,240	0
State Special Revenue Fund	43,553.90	0	11,461	0	6,585	0
Federal Special Revenue Fund	9,009.00	0	1,556	0	0	0
Proprietary Fund	952.00	0	25,253	0	22,852	0
<b>Total Funding Costs</b>	<b>\$1,812,274.51</b>	<b>\$1,861,440</b>	<b>\$2,504,283</b>	<b>\$0</b>	<b>\$2,450,677</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The executive's current level budget includes all departmental fixed costs in the central operations program, including insurance and bonds, payroll and warrant writing fees, computer network fees, and building rent and maintenance in Helena. In the 1993 biennium, these costs were paid by the various subagencies of the department.

Other current level changes include a \$14,825 base adjustment for travel costs due primarily to increased workload stemming from the September 1991 prison disturbance. Fiscal 1994 includes \$141,463 for biennial legislative audit costs. The equipment budget represents a three year actual expenditure average adjusted for one time expenditures.

## 6401-20 CORRECTIONS SYSTEMS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	610.99	617.79	609.29	120.80	730.09	609.29	179.67	788.96
Personal Services	18,299,775.41	18,628,992	20,245,893	3,478,429	23,724,322	20,551,647	5,172,366	25,724,013
Operating Expenses	10,606,639.89	11,231,716	11,993,451	2,296,309	14,289,760	12,309,026	4,218,336	16,527,362
Equipment	557,966.45	448,894	466,047	464,305	930,352	523,997	544,080	1,068,077
Capital Outlay	46,055.90	16,500	90,000	0	90,000	70,000	0	70,000
Grants	23,678.96	0	23,679	0	23,679	23,679	0	23,679
Debt Service	4,566.83	888	4,568	0	4,568	4,568	0	4,568
<b>Total Agency Costs</b>	<b>\$29,538,683.44</b>	<b>\$30,326,990</b>	<b>\$32,823,638</b>	<b>\$6,239,043</b>	<b>\$39,062,681</b>	<b>\$33,482,917</b>	<b>\$9,934,782</b>	<b>\$43,417,699</b>
General Fund	25,083,181.41	25,127,268	27,613,670	5,937,197	33,550,867	28,017,530	9,333,050	37,350,580
State Special Revenue Fund	800,999.82	1,341,238	1,338,796	24,233	1,363,029	1,338,871	24,464	1,363,335
Federal Special Revenue Fund	381,502.09	564,895	54,671	0	54,671	54,671	0	54,671
Proprietary Fund	3,273,000.12	3,293,589	3,816,501	277,613	4,094,114	4,071,845	577,268	4,649,113
<b>Total Funding Costs</b>	<b>\$29,538,683.44</b>	<b>\$30,326,990</b>	<b>\$32,823,638</b>	<b>\$6,239,043</b>	<b>\$39,062,681</b>	<b>\$33,482,917</b>	<b>\$9,934,782</b>	<b>\$43,417,699</b>

**CURRENT LEVEL SERVICES:** The executive current level budget generally continues services at the FY92 level with authorized FY93 FTE increases continued into FY94 and FY95. In addition, operating expenses were increased \$1.7 million in FY94 and \$2.1 million in FY95 due primarily to increases related to the Montana

State Prison canteen, prison ranch, and prison industries. These increases are funded from canteen sales, prison ranch production, and from the sales of goods produced by the prison industries program.

## POLICY INITIATIVE A

The 324-bed construction project at Montana State Prison for men should be eliminated and replaced with construction of essential support facilities and development of community-based alternatives.

*We cannot build  
out of overcrowded  
prisons*

Neither Montana nor any other state can build its way out of overcrowded prisons. Montana correctional institutions have been overcrowded in varying degrees since 1980 and the situation at the Montana State Prison (MSP) for men is at critical levels. The 1991 Legislature authorized \$877,500 for preliminary design work and \$19.4 million in general obligation bonds for construction of a new unit to house an additional 324 men. The project was underfunded and would have required action by the 1993 Legislature to either increase the bonding authority by \$2 million or reduce the size.

If the expansion were built, it would be full upon completion. Conservative prison population projections indicate that by the end of FY93 there will be 1,608 males in the prison system and this will increase to 2,121 by FY97.

*The current system  
is ineffective  
and costly*

The current system is ineffective and costly. We can ill afford to continue pouring limited resources into systems that are ineffective. Our scarce fiscal resources will not allow for continuation of a redundant, unfocused, segmented approach to our correctional problems. It is evident that a new approach to corrections must be found.

*Expand community  
programs by 581 beds--  
reduce MSP  
by 105 beds*

This initiative proposes expanding community programs by 581 beds and reducing the MSP capacity by 105 beds for a net 476 bed increase by the end of FY95. Construction at MSP would include a low-side kitchen, a high-side industries and vocational building, and an addition to the bus barn garage at a cost of \$1.6 million. An additional \$0.2 million is recommended for construction of a boot camp at the Swan River Forest Camp.

*Develop viable  
community  
alternatives*

We must revise our priorities to develop viable community alternatives as part of a continuum of correctional services. Expansion of community-based services would begin immediately. In April 1993, community alternatives would be expanded by 160 including 40 beds for non-residential programs at pre-release centers, 45 beds through expansion of existing Intensive Supervision Programs, and 75 beds by providing satellite expansions of intensive supervision.



*Most intensive  
community services cost  
\$21 per day--prison costs  
\$40 per day*

*Begin evaluation of  
community alternatives*

*We need to know the  
results we expect*

*Increases of 143.04 FTE  
and \$8.455 million  
to implement*

*257 more beds;  
\$6.8 million savings*

In FY94, an additional 205 program beds would be created in the communities by establishing three 50-bed pre-release centers; adding 30 pre-release beds in current Butte, Great Falls and Billings centers; and adding 25 beds at the Missoula Life Skills Center.

The average cost to provide the most intensive community services programs is approximately \$21 per day and the least expensive is only \$8 per day. This compares to approximately \$40 per day for men incarcerated in the prison. Moreover, the long-term savings from this initiative are enormous. For example, in personal services alone, if the new MSP unit had been built, a 209.16 FTE increase would have been required during the 1995 biennium. The initiative, on the other hand, recommends adding 143.04 FTE to serve an increased number of persons. While there will be significant costs associated with development of alternative programs, it will be less costly than building now and in the future.

Moreover, this initiative will afford an opportunity to begin serious evaluation of the effectiveness of a broad range of community alternatives. Such information will enable more informed strategic planning and decision making in addressing potential future overcrowding at our prisons.

Finally, future policy direction should focus on developing a clear picture of the results we want from our state correctional system. Good planning and sound management require establishment of clear expectations. We need to know the results we expect in order to design the systems we require. We have defined the broad parameters of what we want through this policy initiative. Now we will need to define the results we expect and set up methods of measuring the effectiveness of our programs and the quality of our leadership.

The executive budget recommends DCHS increases of 113.30 FTE and \$5.957 million in FY94 and 143.04 FTE and \$8.455 million in FY95 to reduce the prison population at MSP to 1,100 over the next two years and implement this initiative. Additional background information for this initiative follows.

The original 1995 biennium required budget is compared with the policy initiative recommended modified level adjustments in Table 1.

**Table 1**  
**Original vs. Policy Initiative Budget Modification**

	<u>Original</u>	<u>Initiative</u>
Construction	\$20,000,000	\$1,800,000
FTE Increase	209.16	143.04
Additional Beds	324	1
Budget Modification	\$21,199,000	\$14,441,583

*More effective programming throughout the system*

The Population and Capacity Problem

The male inmate population is projected to increase from the current emergency capacity level of 1,463 to 1,881 inmates at the end of FY95, or 110 more than the current planned male inmate capacity of the system. This proposal addresses the very real population and capacity problems facing the department from FY93 to FY95 as well as allowing more effective programming throughout the corrections system. Table 2 presents the population and capacity problem faced by the DCHS **beginning in FY93** if this initiative were defeated, construction were continued, and no further community program expansion were authorized.

*Status quo plan would leave us short 226 beds in FY94*

**Table 2**  
**Inmate Capacity and Projected Population If Status Quo**

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
System Capacity	1515	1515	1771
System Population	1617	1741	1881
Bed Shortage	-102	-226	-110

Proposed Solution

The proposed system capacity changes are summarized in Table 3.

**Table 3**  
**Proposed System Capacity Changes**

	<u>1992</u>	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
Nov.				
MSP	1,205	1,150	1,150	1,100
Swan River	60	60	60	85
Pre-Release	175	215	420	420
Intensive Sup	75	195	195	285
Other Community	<u>0</u>	<u>0</u>	<u>0</u>	<u>101</u>
Total Capacity	1,515	1,620	1,825	1,991
Beds Needed		<u>1,617</u>	<u>1,741</u>	<u>1,881</u>
Excess Capacity		3	84	110
Net New Capacity		105	310	476

*Initiative adds up to 476 beds*

Resource Requirements

Table 4 summarizes the resources required to implement the Corrections alternative policy initiative. Following Table 4, a short narrative explains each item listed.

*Initiative cost:*  
\$5.96 million in FY94;  
\$8.45 million in FY95

*Change to unit  
management at prison*

*Construct essential  
support facilities*

*Expand community  
programs*

*Additional community  
programs in FY94 and FY95*

**Table 4**  
**Cost of Recommended Policy Initiative**  
**FY94 - FY95**

# Program Budget	-----FY 94-----		-----FY 95-----	
	<u>FTE</u>		<u>Budget</u>	
		<u>FTE</u>		<u>FTE</u>
1. MSP-Unit Management	38.20		\$1,014,938	28.60
2. Community Programs	34.50		2,784,547	49.50
3. Audits & Reports	40.60		2,137,497	56.94
4. Swan Boot Camp	<u>0.00</u>		<u>19,993</u>	<u>8.00</u>
TOTAL	113.30		\$5,956,975	143.04
				\$8,454,608

1. Montana State Prison Unit Management In FY94, MSP will undertake unit management. The concept of unit management allows a correctional facility to divide its large population into smaller, more manageable groups that are housed together in a common living area. This program change was recommended in the various audits and is considered recommended practice in larger penal institutions. The advantage is that primary decision making for issues which concern inmates will be given to employees who work with them daily in their living units. This model will allow the department to meet the needs of all offenders more effectively, and especially special needs offenders, by establishing units specifically for these groups. Examples are sex offenders, violent offenders, weaker offenders, etc. Implementation of such a program also allows for a more varied career ladder for the correctional staff.

The minimal, essential construction of a low side kitchen, a high side industries and vocational building, and an addition to the bus barn garage are planned at an estimated cost of \$1.6 million. The additional \$0.2 million in Table 1 is for the construction of a building to house a boot camp at the Swan River Forest Camp.

2. Community Programming In April 1993, 160 beds will be created in the communities by adding 40 beds for non-residential programs at pre-release centers, 45 beds by increasing existing Intensive Supervision Programs, and 75 beds by providing intensive supervision satellite expansions.



***Upgrade training and support services at MSP***

In FY94, an additional 205 program beds will be created in the communities by establishing three 50-bed pre-release centers, adding 30 pre-release beds in Butte, Great Falls, and Billings, and adding 25 beds at the Missoula Life Skills Center.

In FY95, another 191 beds will be created in the communities by adding 90 beds to the Intensive Supervision Program in three additional communities, establishing 30 diversion beds in the pre-release centers, adding 16 beds by establishing a Day Reporting Center in the Butte Pre-Release Center, and creating 55 beds through an extended supervision program.

***New boot camp at Swan River***

**3. Audits and Reports** As a result of recent audits of Montana State Prison such as the National Institute of Corrections Riot In Max report, the O'Brien report on security issues, and the Rowan report concerning medical issues, it is essential that appropriate staffing levels are reached in order to correct deficiencies cited in these reports. The deficiencies are in several areas that involve training, parole, program auditing, clerical support, maintenance, and classification. The existing 10.00 FTE in the Rothe Dorm will be re-directed toward these issues in FY95.

***Improved supervision for public safety***

**4. Swan Boot Camp** In FY95, a "boot camp" will be established at Swan River Forest Camp adding 25 beds to the system capacity. There is \$19,993 general fund in FY94 and \$524,241 in FY95 for additional costs of counseling fees and lost federal boarder revenue. The cost for construction of a suitable facility is projected to be about \$200,000.

In order to make the community alternatives effective, MSP must have a reduced population, implement the Unit Management concept, and increase the staff to better prepare inmates in a shorter period of time to return to the community. The community programs then will allow the judges to have alternatives to sending non-violent offenders to prison.

The correctional system as a whole will be more effective, and thus more responsive to public safety by having more intensive and effective supervision of the offenders in the community at all levels. Ideally, this will reduce the number of offenders who violate less intense programs and reduce the numbers sentenced to MSP. The additional capacity outlined above will permit placement of questionable probationers and parolees in a more intensive program which will also more positively address the public safety issue.

It is imperative that we approach this process with total awareness and support, and that we are aware of the concerns regarding implementation and public safety at all levels. The development of these programs is contingent on several factors, but one of the critical elements is total quality management. This management philosophy must start at the top and filter down. Thus, the first

*Change requires  
trust*

phase of total quality management (TQM) is involvement of the leadership of corrections in the development and implementation of this program. The purpose of TQM is to empower the staff, and eventually the offenders, to assume control of their lives in a responsible fashion.

The success of this change is based on trust. When people embark on fundamental change, it helps if those in power trust one another: if the legislature and the judges trust the corrections division, the corrections division trusts the staff, the offenders trust the staff, and the community trusts the system.

## POLICY INITIATIVE

Plans for the 120-bed new Women's Correctional Center should be revised downward and a new community-based policy adopted.

*Downsize WCC  
to more flexible  
84-bed facility*

Instead of building the new Women's Correctional Center (WCC) in Billings to house 120 women, the facility design should be revised to one 84-bed cell block, a 12-bed maximum security unit, and a 12-bed independent living skills special treatment unit, with an infrastructure capable of adding up to one additional 84-bed cell block in the future. The first cell block would be constructed for short-term emergency double occupancy if necessary. There are no options to building this facility because the current facility is totally inadequate and the location lacks the human resources to provide essential services.

*Add 30.63 FTE and  
\$1.352 million*

The new facility will be completed in January 1995. Operation of the facility and community-based services will require the addition of 30.63 FTE at a cost of \$1,351,883 general fund for the 1995 biennium.

*Shift to  
community-based  
services*

This initiative, consistent with that for the male population, will include a shift to the community-based services policy. Development of such options will require the active involvement of the Billings community and a wide diversity of programs that currently are being developed with the professional community there. Because of the options available in Billings, there will be several women who will be able to live in the community and be provided "day programming" at the WCC. Additional background information for this initiative follows.

### The Population and Capacity Problem

The female inmate population of the Montana corrections system is projected to increase from the current level of 88 to 160 inmates at the end of FY97, or 48 more than the originally-planned female inmate capacity of the center and system. The new WCC will have a total capacity of 84 beds (single celled), but 12 of those beds are maximum security (restricted) and should not be considered in an ideal population. Thus the capacity would be 72 inmates in the new facility. The current female population is as follows:

*Current plan  
would have been  
48 beds short by  
FY97*



Table 1  
Current Population

WCC Main Unit	50	(Capacity is 30)
Expansion Unit	10	
Women's Life Skill Center Billings	12	
Pre-Release Center Butte	16	
Total	88	

Table 2  
Capacity Vs. Population Projection

	FY93	FY94	FY95	FY96	FY97
Ideal Capacity	68	68	100	100	100
Projected Pop.	84	94	109	129	156
Beds Needed	16	26	9	29	56

#### Resource Requirements

Table 3 summarizes the resources required to implement the additional staffing needed for the new WCC.

Table 3  
Cost of Recommended Policy Initiative  
1995 Biennium

# Program	FTE	Budget	FTE	Budget
1 WCC	1.50	\$77,864	30.63	\$1,274,019

*Public safety  
planned into  
initiative*

1. Community Programming As noted above, there are excess beds planned. These beds are needed to address the public safety issue of providing more supervision to marginal candidates placed on probation. These additional beds also will be used to place the suitable female offenders in these community programs.

## 6401-30 MENTAL HEALTH SYSTEM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Total	Current Level	Total
Full Time Equivalent Employees	787.51	792.58	657.92	674.72	657.92	674.72
Personal Services	21,730,080.72	23,680,802	22,533,435	23,053,974	23,389,155	23,926,703
Operating Expenses	5,723,543.56	5,379,589	3,509,601	3,809,935	3,593,082	4,005,192
Equipment	98,855.71	78,677	62,131	62,131	59,794	59,794
Grants	5,686,732.39	5,933,801	6,781,075	7,281,075	6,781,075	7,281,075
Debt Service	1,704.99	0	1,705	1,705	1,705	1,705
Total Agency Costs	\$33,240,917.37	\$35,072,869	\$32,887,947	\$34,208,820	\$33,824,811	\$35,274,469
General Fund	31,029,760.00	32,131,550	31,350,504	32,671,377	32,287,368	33,737,026
State Special Revenue Fund	478,935.95	791,637	175,267	175,267	175,267	175,267
Federal Special Revenue Fund	1,732,221.42	2,149,682	1,362,176	1,362,176	1,362,176	1,362,176
Total Funding Costs	\$33,240,917.37	\$35,072,869	\$32,887,947	\$34,208,820	\$33,824,811	\$35,274,469

**CURRENT LEVEL SERVICES:** The executive's current level budget recommendation contains several changes from the FY92 service level. These changes include:

- The closure of the acute care and long term care unit on the Galen campus and the formation of an infirmary on the Warm Springs campus. This results in a reduction of 105.15 FTE from the special session I authorized level and a total fund reduction of \$2,850,926 in FY94 and \$2,941,933 in FY95.
- The personal services reduction of 40.76 FTE and \$1,130,264 in FY94 and \$1,169,136 in FY95 with a concurrent \$1 million annual increase in community mental health service funding to meet the Ihler compliance plan.

These combined actions, a total FTE reduction of 145.91 and a net reduction of \$2,981,190 in FY94 and \$3,111,069 in FY95, represent the Department of Corrections and Human Services personal services five percent base reduction required in Section 13, House Bill 2, Special Session II.

Beginning in FY94, the organizational relationship of the mental

health and chemical dependency systems is reflected in the executive budget in the following manner:

- Montana State Hospital, as owner of land and buildings on the Warm Springs and Galen campuses, will provide space and utilities to the Montana Chemical Dependency Center (MCDC). Montana State Hospital will employ the janitors, maintenance crew and food service workers needed to serve MCDC and will recover related costs through rental charges and food service charges. The staff included in the Montana State Hospital budget allocation include program and treatment staff for the mental health services and all staff required for support services to both programs, including food service, laundry, maintenance, and janitorial services.
- The MCDC will remain on the Galen campus and will rent space, janitorial and maintenance services and contract for food services from Montana State Hospital. The staff included in the MCDC budget allocation (see the Chemical Dependency System section) include only program and treatment staff needed to operate the chemical dependency program.

**MODIFIED LEVEL SERVICES:** Galen Changes The executive budget includes 14.80 FTE and \$483,411 in FY94 and \$493,698 in FY95 general fund for staff increases at the Center for the Aged to serve the approximate 10 residents that will be moved from the Galen nursing unit.

Community Mental Health Increase Due to Ihler Lawsuit The executive budget includes \$113,604 in FY94 and \$229,480 in FY95 general fund to provide community services necessary to fully comply with the department's plan to complement Judge McCarter's order in the Ihler lawsuit.

Community Mental Health Pilot Programs The executive budget includes \$500,000 each year of the 1995 biennium to fund community mental health pilot projects funded completely with vacancy savings from Montana State Hospital and Center for the Aged in the 1993 biennium. These programs have been effective in providing services in the least restrictive setting to adults with serious mental illness.

Montana State Hospital Registered Nurses The executive recommendation contains 2.0 FTE registered nurses and \$78,858 in FY94 and \$81,480 in FY95 general fund at Montana State Hospital to provide for adequate coverage of treatment units in compliance with the Ihler decision and sound medical practice.

Crisis Intervention/Adults with Mental Illness The executive budget includes \$145,000 general fund each year of the 1995 biennium for short-term crisis services for adults with mental illness who are being evaluated for serious mental illness or who have been detained on a misdemeanor charge. Provision of this service will help implement HB103 from the 1991 regular session.

Legislative Contract Authority The executive is recommending \$195,310 each year of the 1995 biennium in the budget amendment bill. This will provide a means by which the legislature can appropriate federal funds the department may receive during the biennium, eliminating the need for budget amendments.

## 6401-40 CHEMICAL DEPENDENCY SYSTEM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	59.65	60.65	51.85	5.00	56.85	56.85
Personal Services	1,874,018.09	1,849,325	1,851,118	131,209	1,982,327	2,040,820
Operating Expenses	1,684,380.02	952,417	823,854	0	823,854	827,883
Equipment	31,849.95	13,155	1,800	0	1,800	3,000
Local Assistance	1,330,000.00	0	0	0	0	0
Grants	1,880,612.02	2,469,606	2,306,925	0	2,306,925	2,306,925
Debt Service	2,302.90	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$6,803,162.98</b>	<b>\$5,284,503</b>	<b>\$4,983,697</b>	<b>\$131,209</b>	<b>\$5,114,906</b>	<b>\$5,178,628</b>
General Fund	242,317.59	250,661	271,885	0	271,885	273,352
State Special Revenue Fund	3,284,108.42	1,696,372	2,379,142	131,209	2,510,351	2,572,606
Federal Special Revenue Fund	3,276,736.97	3,337,470	2,332,670	0	2,332,670	2,332,670
<b>Total Funding Costs</b>	<b>\$6,803,162.98</b>	<b>\$5,284,503</b>	<b>\$4,983,697</b>	<b>\$131,209</b>	<b>\$5,114,906</b>	<b>\$5,178,628</b>



**CURRENT LEVEL SERVICES:** The chemical dependency division includes chemical dependency administration, alcohol and chemical dependency programs at the Montana Chemical Dependency Center (MCDC) at Montana State Hospital, Galen campus, and community services throughout the state. The executive budget

includes the administration and community services costs, and all costs relating to the personnel and operations of the MCDC. Effective FY94, the MCDC will be renting space and janitorial and maintenance services from Montana State Hospital at a cost of approximately \$441,500 annually.

**MODIFIED LEVEL SERVICES:** Galen Changes The executive budget includes 5.0 FTE each year and \$131,209 and \$135,439 state special revenue in FY94 and FY95, respectively, for the formation of a complete complement of program and treatment staff at the Montana Chemical Dependency Center.

Legislative Contract Authority The executive is recommending \$59,255 legislative contract authority each year of the 1995 biennium in the budget amendment bill. This provides a means by which the legislature can appropriate federal funds the department may receive during the biennium, eliminating the need for budget amendments.

#### 6401-50 DEVELOPMENTAL DISABILITY SYSTE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy
Full Time Equivalent Employees	500.42	457.73	459.43	.00	459.43	.00	459.43
Personal Services	12,905,040.00	12,147,150	14,118,809	0	14,118,809	14,550,570	0
Operating Expenses	1,881,487.56	1,859,721	1,809,563	0	1,809,563	1,842,897	0
Equipment	90,477.67	97,759	90,663	0	90,663	90,663	0
Debt Service	35,999.38	30,872	24,748	0	24,748	18,005	0
Total Agency Costs	\$14,913,004.61	\$14,135,502	\$16,043,783	\$0	\$16,043,783	\$16,502,135	\$0
General Fund	14,815,924.24	14,102,811	15,995,783	0	15,995,783	16,454,135	0
State Special Revenue Fund	79,073.70	30,251	35,000	0	35,000	35,000	0
Federal Special Revenue Fund	18,006.67	2,440	13,000	0	13,000	13,000	0
Total Funding Costs	\$14,913,004.61	\$14,135,502	\$16,043,783	\$0	\$16,043,783	\$16,502,135	\$0

**CURRENT LEVEL SERVICES:** The executive current level recommendation reflects a reduction of 40.28 FTE implemented in FY93 as part of the planned downsizing at Montana Developmental Center. Although FTEs are reduced, total budgeted personal services costs increase significantly from the actual FY92 level due

to increased workers compensation insurance costs and fully funding 1995 biennium salaries. Equipment reflects the three year adjusted average and includes items essential to the treatment and care of the residents.

# 6401-60 VETERAN'S NURSING HOME PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	85.89	85.89	85.89	2.83	85.89	78.84
Personal Services	2,099,446.31	2,257,173	2,460,577	80,289	2,530,556	1,885,461
Operating Expenses	643,769.74	732,309	737,931	122,212	762,512	454,259
Equipment	15,904.00	5,524	3,463	74,000	3,463	5,000
Total Agency Costs	\$2,759,120.05	\$2,995,006	\$3,201,971	\$276,501	\$3,296,531	\$2,344,720
General Fund	635,934.82	880,730	1,154,597	276,501	1,148,846	1,012,293
State Special Revenue Fund	1,274,511.35	1,259,167	1,051,934	0	1,082,783	663,771
Federal Special Revenue Fund	848,673.88	855,109	995,440	0	1,064,902	668,656
Total Funding Costs	\$2,759,120.05	\$2,995,006	\$3,201,971	\$276,501	\$3,296,531	\$2,344,720
			1,431,098		1,148,846	2,161,139
			1,051,934		1,082,783	1,746,554
			995,440		1,064,902	1,733,558
			\$3,478,472		\$3,296,531	\$5,641,251

**CURRENT LEVEL SERVICES:** The executive recommendation continues services at the FY92 level. The equipment

recommendation reflects the three year expenditure average adjusted for one time expenditures.

**MODIFIED LEVEL SERVICES:** New Veteran's Home Operations  
The executive recommendation includes funding for the 80-bed Eastern Montana Veteran's Home approved for construction in Glendive, Montana. In FY94, 2.83 FTE and \$278,729 general fund

will be needed to prepare the facility for its July 1, 1994 opening. In FY95, 78.84 FTE and \$1,036,420 general fund and \$1,332,427 other funds will be required.

The Great Seal of the State of Montana is a circular emblem. The outer ring contains the text "THE GREAT SEAL OF THE STATE OF MONTANA" in a serif font. The inner circle depicts a landscape with mountains, a river, and a bridge. A banner at the bottom of the inner circle reads "CROMWELL".

# EDUCATION





# Office of Public Instruction

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	145.36	145.73	136.23	7.50	143.73	136.23	7.50	143.73
Personal Services	4,711,227.96	4,676,167	4,838,497	266,804	5,105,301	4,849,013	267,347	5,116,360
Operating Expenses	3,246,284.94	3,989,416	3,127,792	964,572	4,092,364	3,086,886	1,223,882	4,310,768
Equipment	294,314.47	120,576	121,719	38,460	160,179	121,719	44,710	166,429
Local Assistance	409,285,768.60	412,462,207	49,038,634	406,411	49,445,045	44,115,605	45,673	44,161,278
Grants	5,755,901.95	6,551,985	10,615,293	3,015,000	13,630,293	1,408,888	0	1,408,888
Transfers	12,574,893.00	12,504,940	583,012	0	583,012	572,167	0	572,167
<b>Total Agency Costs</b>	<b>\$435,868,390.92</b>	<b>\$440,305,291</b>	<b>\$68,324,947</b>	<b>\$4,691,247</b>	<b>\$73,016,194</b>	<b>\$54,154,278</b>	<b>\$1,581,612</b>	<b>\$55,735,890</b>
General Fund	59,003,596.66	58,267,945	52,865,945	459,220	53,325,165	47,890,584	98,856	47,989,440
State Special Revenue Fund	367,920,072.36	371,380,161	1,843,379	137,667	1,981,046	1,800,826	161,967	1,962,793
Federal Special Revenue Fund	7,966,548.35	9,706,470	12,572,195	3,984,360	16,556,555	3,430,285	1,210,789	4,641,074
Proprietary Fund	978,173.55	950,715	1,043,428	110,000	1,153,428	1,032,583	110,000	1,142,583
<b>Total Funding</b>	<b>\$435,868,390.92</b>	<b>\$440,305,291</b>	<b>\$68,324,947</b>	<b>\$4,691,247</b>	<b>\$73,016,194</b>	<b>\$54,154,278</b>	<b>\$1,581,612</b>	<b>\$55,735,890</b>
Opi Administration	8,805,214.36	9,667,899	8,756,986	1,269,836	10,026,822	8,715,751	1,535,939	10,251,690
Distribution To Public Schools	427,063,176.56	430,637,392	59,567,961	3,421,411	62,989,372	45,438,527	45,673	45,484,200
<b>Total Program Costs</b>	<b>\$435,868,390.92</b>	<b>\$440,305,291</b>	<b>\$68,324,947</b>	<b>\$4,691,247</b>	<b>\$73,016,194</b>	<b>\$54,154,278</b>	<b>\$1,581,612</b>	<b>\$55,735,890</b>

**MISSION STATEMENT:** To advocate, communicate, educate, and be accountable to those we serve.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	145.36	145.73	136.23	7.50	136.23	7.50
Personal Services	4,711,227.96	4,676,167	4,838,497	266,804	5,105,301	267,347
Operating Expenses	3,238,812.25	3,989,416	3,127,792	964,572	4,092,364	1,223,882
Equipment	294,314.47	120,576	121,719	38,460	160,179	44,710
Local Assistance	16,078.39	0	16,078	0	16,078	0
Grants	69,888.29	406,800	69,888	0	69,888	0
Transfers	474,893.00	474,940	583,012	0	572,167	0
<b>Total Agency Costs</b>	<b>\$8,805,214.36</b>	<b>\$9,667,899</b>	<b>\$8,756,986</b>	<b>\$1,269,836</b>	<b>\$8,715,751</b>	<b>\$1,535,939</b>
General Fund	3,587,876.83	3,495,097	3,843,389	52,809	3,791,057	53,183
State Special Revenue Fund	660,871.45	826,704	457,099	137,667	461,826	161,967
Federal Special Revenue Fund	3,578,292.53	4,395,383	3,413,070	969,360	3,430,285	1,210,789
Proprietary Fund	978,173.55	950,715	1,043,428	110,000	1,032,583	110,000
<b>Total Funding Costs</b>	<b>\$8,805,214.36</b>	<b>\$9,667,899</b>	<b>\$8,756,986</b>	<b>\$1,269,836</b>	<b>\$8,715,751</b>	<b>\$1,535,939</b>

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include, first, a net increase of approximately \$197,800 in personal services due to positions held vacant in FY92. Operating expenses decrease approximately \$58,800 due to elimination of the Nutrition Education, Audio-Visual Library and Homeless Children Programs. The FTE needed to operate these programs were eliminated as part

of the 5% personal services reduction required by HB2, section 13.

The recommended equipment budget is based on a three-year appropriated average for FY90 through FY92 and includes computer and software upgrades to cover additional growth of the internal and external telecommunications network.

**MODIFIED LEVEL SERVICES:** Certification Denial/Revocation Investigations The executive recommends state special revenue of \$47,640 in both FY94 and FY95 for costs of contracting with an impartial third-party to investigate complaints and requests from districts for the revocation-suspension of certificates. Legislation is required to generate the revenues needed to fund this modified request.

The office presently has 21,331 active certificate holders. Anticipated workload in each year of the biennium would be approximately one investigation per month with 50% of those going to hearing before the Board of Public Education. Each investigation averages 40 hours of staff time plus travel expenses.

Prosecuting the case at a hearing takes about 80 hours of staff time per hearing.

Advanced Drivers Education The executive recommends state special revenue of \$11,127 in FY94 and \$26,127 in FY95 for costs resulting from an anticipated growth in the number of students trained each year.

Revolving School Food Commodities The executive recommends state special revenue of \$55,000 in both FY94 and FY95 for: 1) increases in the cost of warehousing and shipping USDA donated foods to private schools and 2) processing of donated foods prior to delivery.



Cooperative Purchase Bid Program The executive recommends state special revenue of \$8,900 in FY94 and \$18,200 in FY95 for increased operating costs resulting from program growth. Funding for this program comes from a 2% surcharge made on all food purchased through the OPI cooperative bid to local school districts.

Montana Education Telecommunications Network (METNET) The METNET request for the OPI is in HB11. The amount budgeted is \$629,169 general fund for the 1995 biennium from the state equalization account in 20-9-343. This represents an increase from \$1 to \$2 for each average number belonging (ANB) calculated for the previous school fiscal year.

Law Related Education	
Adult Education	
JTPA Administration	
Star Schools	
Elementary Traffic Education	
Motorcycle Safety	
Special Ed. Admin.	
Nutrition Education and Technical Assistance	
Summer Food Service	
School Food Admin.	
Even Start Family Lit	
ESEA Chpt. 1 State Admin	
National Diffusion Network Montana Facilitator	
School District Financial Mgt. & Monitor:	
NCES-CCD/Capacity Bldg.	

5% Personal Services Reduction The executive recommends general fund of \$53,949 and federal revenue of \$55,061 in both FY94 and FY95 to restore 2.50 FTE of the 6.00 FTE eliminated from the current level budget in compliance with HB2, Section 13. Positions to be restored include a 0.50 FTE assessment specialist, 1.00 FTE elementary curriculum specialist, and 1.00 FTE Job Training Partnership Act (JTPA) specialist.

Resources and Publications Account The executive recommends \$15,000 in state special revenue in both FY94 and in FY95 for increases in the purchase/reproduction and sale of educational materials that result from changes in assessment practices and accreditation standards.

Miscellaneous Federal Funds - OPI Administration The executive recommends increases for administration of existing and new federal programs, with a total of 5.00 FTE and federal special revenue of \$914,299 in FY94 and \$1,155,559 in FY95, cited for each fiscal year respectively.

FTE	FY94	FY95
	\$166,138	\$170,298
	9,600	10,700
	20,488	20,488
1.50	46,463	46,463
	20,000	20,000
	4,760	14,760
1.00	306,000	506,000
	6,250	12,500
	14,000	20,000
	35,350	35,350
0.50	21,250	25,000
	100,000	100,000
	50,000	50,000
2.00	100,000	100,000
	14,000	14,000

Indirect Cost Pool The executive recommends proprietary funds of \$110,000 in both FY94 and FY95 for workload increases in the central areas providing services to OPI's state and federal programs, such as word-processing and mail delivery. As the amount of state special and federal funds administered by OPI increases, so do indirect operating expenses and the revenues received to fund those expenses.

# 3501-09 DISTRIBUTION TO PUBLIC SCHOOLS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	7,472.69	0	0	0	0	0	0	0
Local Assistance	409,269,690.21	412,462,207	49,022,556	406,411	49,428,967	44,099,527	45,673	44,145,200
Grants	5,686,013.66	6,145,185	10,545,405	3,015,000	13,560,405	1,339,000	0	1,339,000
Transfers	12,100,000.00	12,030,000	0	0	0	0	0	0
Total Agency Costs	\$427,063,176.56	\$430,637,392	\$59,567,961	\$3,421,411	\$62,989,372	\$45,438,527	\$45,673	\$45,484,200
General Fund	55,415,719.83	54,772,848	49,022,556	406,411	49,428,967	44,099,527	45,673	44,145,200
State Special Revenue Fund	367,259,200.91	370,553,457	1,386,280	0	1,386,280	1,339,000	0	1,339,000
Federal Special Revenue Fund	4,388,255.82	5,311,087	9,159,125	3,015,000	12,174,125	0	0	0
Total Funding Costs	\$427,063,176.56	\$430,637,392	\$59,567,961	\$3,421,411	\$62,989,372	\$45,438,527	\$45,673	\$45,484,200

**CURRENT LEVEL SERVICES:** Significant changes from FY92 actual expenditures to the 1995 biennium recommendations include an increase of approximately \$33 million in the appropriation for equalization aid distributions.

The increase is for non-levy county equalization revenues now collected by the Office of Public Instruction under HB62 (July 1992 Special Session).

**MODIFIED LEVEL SERVICES:** In-State Residential Services The executive recommends a general fund biennial appropriation of \$376,471 to pay the educational costs of children placed in Shodair Hospital. Shodair was certified for the first time during FY93.

a 2.5% increase each year.

**Miscellaneous Federal Funds** The executive recommends a total of \$3,015,000 in federal special revenue increases for distribution to schools as follows: Individuals with Disabilities Act \$467,000; Foreign Language Assistance \$99,000; Chapter 1 Program Improvement \$320,000; Even Start Family Literacy Program \$925,000; Adult Basic Education (ABE) \$134,000; McKinney Homeless Adult Education; \$40,000; Vocational Education \$1,030,000.

**School Food Services** The executive recommends general fund of \$29,940 in FY94 and \$45,673 in FY95 to meet federal matching requirements of 30% for section 4 general assistance paid for school lunches served. The number of meals served continues to increase; therefore, the state matching requirement is budgeted for



**MONTANA UNIVERSITY SYSTEM  
VOCATIONAL TECHNICAL CENTERS**

The five vocational technical centers are provided for in 20-16-106, MCA and located in Billings, Butte, Great Falls, Helena, and Missoula.

**CURRENT LEVEL SERVICES:** The 1995 biennium executive budget recommendation for the five centers is derived using a combination of incremental and formula budgeting methods. The formula method is used in programs directly influenced by student enrollment; Instruction and Support. Student enrollments in FY92 fell short of budgeted expectations at all centers. Table I illustrates enrollments for FY89 through 1992. The FY92 actual enrollment is used for formula calculations in the executive budget.

**TABLE I  
FYFTE ENROLLMENTS**

CENTER	ACTUAL FY89	ACTUAL FY90	ACTUAL FY91	ACTUAL FY92
Billings	450	426	397	417
Butte	474	375	311	313
Great Falls	617	591	557	556
Helena	601	518	511	530
Missoula	<u>567</u>	<u>525</u>	<u>541</u>	<u>520</u>
TOTAL	2,709	2,435	2,317	2,336

The current level 1995 biennium budgets for the vocational technical centers use FY92 as the base year. Reductions were made to FY92 appropriations in special legislative session at a time when enrollments were known to have varied significantly from those used to determine initial FY92 appropriations. Because of this use of formula factors applied in the regular session are not appropriate to determine the current level budget. For this reason student/faculty ratios and instructional support and support rates are rebased to the FY92 experienced level. This, in a sense, makes the executive current level for these programs an incremental budget.

Vocational Technical Center operation and maintenance of plant programs were budgeted in a manner consistent with executive branch agency budgets. Inflation factors were applied to selected budget items including utilities, state mainframe computer cost, postage, and other items.

Personal services calculations were based on RERS information on FTE and salaries paid in FY92. Adjustments were made in several instances due to inconsistent data presented in RERS information.

**Instruction Program** The main components of the instruction program formula are 1) FY92 fiscal year full-time equivalent (FYFTE) student enrollment, 2) FY92 actual average instructional faculty salary adjusted for pay plan increases to FY94 and FY95, 3) benefit rates, 4) FY92 actual ratio of students to faculty, 5) FY92 actual instructional support rate, and 6) inflation adjustments. The instructional support rate considers non-faculty salaries and benefits, supplies, materials, instructional equipment, etc., which are essential to instruction. The formula components are unique to each center. Current level instruction program recommendations are compared to FY92 actual expenditures without budget amendments and FY93 appropriated amounts in Table II.

**TABLE II  
INSTRUCTION PROGRAM EXPENDITURES**

CENTER	ACTUAL FY92	APPROPRIATED FY93	CURRENT LEVEL FY94	CURRENT LEVEL FY95
Billings	\$1,089,767	\$1,009,742	\$1,137,066	\$1,137,066
Butte	1,065,876	1,061,830	1,074,716	1,074,716
Great Falls	1,426,605	1,289,158	1,462,625	1,462,625
Helena	1,592,716	1,415,804	1,650,450	1,650,450
Missoula	<u>1,528,274</u>	<u>1,399,522</u>	<u>1,556,785</u>	<u>1,556,785</u>
TOTAL	\$6,703,238	\$6,176,056	\$6,881,643	\$6,881,643



Audit fees were excluded from actual FY92 expenditures in calculating the support rates. The amounts listed in Table IV are added to each of the respective centers support program for the current unrestricted share of audit costs.

TABLE IV  
AUDIT FEES

Center	Amount
Billings	\$61,788
Butte	65,040
Great Falls	49,512
Helena	60,488
Missoula	45,854

Regents Employee Reporting System (RERS) was established to maintain a uniform personnel reporting system for the university system which will allow the legislative and executive branches to independently collect and verify budgets and expenditures relating to center faculty and personnel. RERS information is reconciled with information contained on SBAS on a monthly basis. This information is used in the budget calculations for FY94 and FY95.

Plant Operations and Maintenance The five plant programs were incrementally budgeted. The budgeted amounts reflect increases over FY92 actual expenditures.

Faculty Salaries and Benefits are determined by multiplying faculty FTE determined below times the academic year salaries and benefit rates for each center. The salary rates are the FY92 actual rates adjusted to reflect pay plan increases in FY93.

Student/Faculty Ratios for academic year 1992 are calculated by dividing 1992 FYFTE students by the academic year FTE faculty paid from current unrestricted funds. Faculty added by budget amendment are excluded in this calculation. Actual faculty are those appearing on the year end RERS report identifying faculty FTE paid from current unrestricted funds in FY92. This student faculty ratio is used for FY94 and FY95 current level budget calculations.

Instruction Program Support is calculated by dividing actual expenditures for costs other than faculty salaries and benefits by FY92 FYFTE enrollment.

Support Program The current level support rate is calculated by dividing actual expenditures for support in FY92 by FYFTE enrollment. Prior to dividing by FYFTE enrollment the expenditures for Insurance and Bonds and Warrant Writing Fees were adjusted. Since actual FY92 expenditures include amounts expended for minor and capital equipment, no adjustment will be needed to continue these in the base. The rates for FY94 and FY95 are calculated by inflating the 1992 actual rate. Current level support program recommendations are compared to FY92 actual expenditures without budget amendments and FY93 appropriated amounts in Table III.

TABLE III  
SUPPORT PROGRAM EXPENDITURES

CENTER	ACTUAL FY92	APPROPR FY93	CURRENT LEVEL	
			FY94	FY95
Billings	\$593,223	\$639,114	\$667,172	\$616,326
Butte	500,005	511,486	551,462	520,832
Great Falls	556,858	664,711	605,284	577,684
Helena	663,839	685,237	722,785	693,240
Missoula	878,584	883,694	941,021	917,800

TOTAL \$3,192,509 \$3,384,242 \$3,487,724 \$3,325,882

Revenues - The current level executive budget includes recommendations for appropriations of general fund; federal revenue; and tuition, fees and revenues accounted for in the current unrestricted subfund described in 17-2-102(d)(i)(A), MCA. Table V summarizes current level revenues.

TABLE V				
NON GENERAL FUND REVENUES				
CENTER	MILLAGE	OTHER	TUITION & FEES	
<b>FY94</b>				
Billings	\$360,139	\$9,250	\$463,390	
Butte	83,131	5,468	333,203	
Great Falls	146,782	3,015	668,942	
Helena	117,800	10,625	595,407	
Missoula	208,494	11,274	585,323	
<b>TOTAL</b>	<b>\$916,345</b>	<b>\$39,632</b>	<b>\$2,646,265</b>	
<b>FY95</b>				
Billings	\$368,106	\$9,250	\$463,390	
Butte	84,970	5,468	333,203	
Great Falls	150,029	3,015	668,942	
Helena	120,406	10,625	595,407	
Missoula	213,107	11,274	585,323	
<b>TOTAL</b>	<b>\$936,618</b>	<b>\$39,632</b>	<b>\$2,646,265</b>	

Tuition and Fee Revenues - In the executive budget, anticipated tuition and fee revenues are based upon FY92 actual revenue per student adjusted to reflect tuition rates in effect in FY93.

Current level tuition and fee revenue presented in the executive budget recommendation and historically appropriated by the legislature does not include "special" program and course fees available to the centers but not accounted for in the current unrestricted fund. These special fees include fees for field trips and special requirements; fees related to field courses; fees for special classes; and other fees accounted for in the Current Designated Fund.

Millage - Each center is authorized to collect a 1.5 mill mandatory levy on the taxable value of all real and personal property in the county for the support of the vocational technical center. Millage is budgeted at \$916,345 for FY94 and \$936,618 for FY95.

Other Revenue - This category includes miscellaneous revenues available to the centers for general operating expenses which are appropriated for current unrestricted fund support.

Lump Sum Appropriation The executive budget recommends a single lump sum appropriation of \$11,955,268 for FY94 and \$11,811,648 for FY95 to the Board of Regents for allocation to the five centers. This method of funding would allow the regents the flexibility to transfer and expend monies according to regent-identified center missions and system priorities.

In conjunction with the lump sum appropriation, the Governor recommends that the regents continue submitting authorized and actual center operating plans and FTE levels by program to the Office of Budget and Program Planning and the Office of the Legislative Fiscal Analyst. Those programs historically appropriated by formula (Instruction and Support) are to be presented in sufficient detail to allow comparison of individual formula components to the appropriated center budgets. These reports will enable review and analysis of the final distribution decisions made by the Board of Regents.

The Governor further recommends inclusion of language in the general appropriations act requiring the regents to prepare and submit a comprehensive written report to the executive and legislative branches of government explaining and documenting budget allocations to the centers by first level of detail for each program by September 1 following the end of each fiscal year. This report must explain significant deviations and rationale for deviation from the regents' proposed operating plan, formula components and FTE levels as well as any significant policy changes impacting the budget.

In order to provide a basis for the recommended total lump sum allocation to the five centers, the executive budget has been developed in a manner consistent with the 1993 biennium appropriated budget. Presentation of the executive budget in this format is not intended to preclude the regents from allocating the recommended lump sum appropriation in a different manner.



# Billings Vo-Tech

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	42.89	42.89	42.48	.00	42.48	.00
Personal Services	1,531,205.61	1,549,989	1,604,875	0	1,604,875	0
Operating Expenses	427,139.27	434,662	358,618	0	358,618	0
Equipment	90,245.67	0	106,038	0	106,038	0
Benefits and Claims	1,000.00	0	0	0	0	0
Total Agency Costs	\$2,049,590.55	\$1,984,651	\$2,069,531	\$0	\$2,024,866	\$0
General Fund	0.00	0	1,236,752	0	1,184,120	0
State Special Revenue Fund	0.00	0	832,779	0	840,746	0
Current Unrestricted Fund	2,049,590.55	1,984,651	0	0	0	0
Total Funding	\$2,049,590.55	\$1,984,651	\$2,069,531	\$0	\$2,024,866	\$0
Instruction	1,109,767.05	1,079,614	1,137,067	0	1,137,066	0
Plant Operation & Maintenance	272,183.75	263,132	265,292	0	271,474	0
Support	667,639.75	641,905	667,172	0	616,326	0
Total Program Costs	\$2,049,590.55	\$1,984,651	\$2,069,531	\$0	\$2,024,866	\$0

**MISSION STATEMENT:** The primary role of the Center is to provide individuals preparing to enter, advance, or change their careers with vocational and technical competencies and life skills. Students at the Center acquire technological competencies or upgrading competencies through curriculum that is validated by business and industry on a regular basis. Instruction and community service are designed to meet the present and emerging occupational needs of the local community, state, region, and nation.

The Billings Vocational Technical Center provides occupationally specific and related instruction to meet a diversity of employment needs. The curriculum develops graduates with technological competencies and related academic competencies in the areas of communications, computation, and human relations. When appropriate, safety and industry environmental awareness courses are provided. graduates become employees with added value to employers through acquisition of occupational competencies and the ability to learn, communicate, work independently or as a team member, and to accept change within the workplace.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	25.64	25.63	24.78	.00	24.78	.00
Personal Services	949,859.42	936,743	993,568	0	995,764	0
Operating Expenses	96,042.22	142,871	59,461	0	57,264	0
Equipment	63,865.41	0	84,038	0	84,038	0
Total Agency Costs	\$1,109,767.05	\$1,079,614	\$1,137,067	\$0	\$1,137,066	\$0
General Fund	0.00	0	304,288	0	296,320	0
State Special Revenue Fund	0.00	0	832,779	0	840,746	0
Current Unrestricted Fund	1,109,767.05	1,079,614	0	0	0	0
Total Funding Costs	\$1,109,767.05	\$1,079,614	\$1,137,067	\$0	\$1,137,066	\$0

## 3511-07 PLANT OPERATION &amp; MAINTENANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	3.08	3.33	3.70	.00	3.70	.00
Personal Services	84,368.92	83,132	96,007	0	98,199	0
Operating Expenses	175,206.57	180,000	159,285	0	163,275	0
Equipment	11,608.26	0	10,000	0	10,000	0
Benefits and Claims	1,000.00	0	0	0	0	0
Total Agency Costs	\$272,183.75	\$263,132	\$265,292	\$0	\$271,474	\$0
General Fund	0.00	0	265,292	0	271,474	0
Current Unrestricted Fund	272,183.75	263,132	0	0	0	0
Total Funding Costs	\$272,183.75	\$263,132	\$265,292	\$0	\$271,474	\$0

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	14,17	13,93	14,00	.00	14,00	.00
Personal Services	496,977.27	530,114	515,300	0	515,300	0
Operating Expenses	155,890.48	111,791	139,872	0	89,026	0
Equipment	14,772.00	0	12,000	0	12,000	0
<b>Total Agency Costs</b>	<b>\$667,639.75</b>	<b>\$641,905</b>	<b>\$667,172</b>	<b>\$0</b>	<b>\$616,326</b>	<b>\$0</b>
General Fund	0.00	0	667,172	0	616,326	0
Current Unrestricted Fund	667,639.75	641,905	0	0	0	0
<b>Total Funding Costs</b>	<b>\$667,639.75</b>	<b>\$641,905</b>	<b>\$667,172</b>	<b>\$0</b>	<b>\$616,326</b>	<b>\$0</b>

# Butte Vo-Tech

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	38.65	39.52	38.65	.00	38.65	.00
Personal Services	1,520,405.70	1,187,796	1,515,566	0	1,515,566	0
Operating Expenses	280,891.40	360,421	294,322	0	294,322	0
Equipment	39,822.13	61,848	57,465	0	57,465	0
Debt Service	26,611.28	10,124	26,111	0	17,971	0
Total Agency Costs	\$1,867,730.51	\$1,620,189	\$1,893,464	\$0	\$1,870,825	\$0
General Fund	0.00	0	1,471,662	0	1,447,184	0
State Special Revenue Fund	0.00	0	421,802	0	423,641	0
Current Unrestricted Fund	1,867,730.51	1,620,189	0	0	0	0
Total Funding	\$1,867,730.51	\$1,620,189	\$1,893,464	\$0	\$1,870,825	\$0
Instruction	1,065,876.49	1,070,882	1,074,716	0	1,074,716	0
Plant Operation & Maintenance	260,279.56	256,591	267,286	0	275,277	0
Support	541,574.46	292,716	551,462	0	520,832	0
Total Program Costs	\$1,867,730.51	\$1,620,189	\$1,893,464	\$0	\$1,870,825	\$0

**MISSION STATEMENT:** The Butte Vocational Technical Center provides both core related education and occupationally-specific instruction to meet a variety of employment needs within its service area. In addition to the core curriculum in applies mathematics, communications, human relations, cooperative work experience, and microcomputer literacy, the Center offers eleven principal programs of study are in the areas of business and office occupations, health occupations, technical occupations, and trades and industrial occupations. The Civil Engineering Technology program is unique to the Butte Center within the system of five centers in the state.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	23.01	23.62	23.01	.00	23.01	.00
Personal Services	944,381.68	871,954	939,881	0	939,604	0
Operating Expenses	56,673.40	128,568	51,259	0	51,536	0
Equipment	39,822.13	60,236	57,465	0	65,605	0
Debt Service	24,999.28	10,124	26,111	0	17,971	0
<b>Total Agency Costs</b>	<b>\$1,065,876.49</b>	<b>\$1,070,882</b>	<b>\$1,074,716</b>	<b>\$0</b>	<b>\$1,074,716</b>	<b>\$0</b>
General Fund	0.00	0	652,914	0	651,075	0
State Special Revenue Fund	0.00	0	421,802	0	423,641	0
Current Unrestricted Fund	1,065,876.49	1,070,882	0	0	0	0
<b>Total Funding Costs</b>	<b>\$1,065,876.49</b>	<b>\$1,070,882</b>	<b>\$1,074,716</b>	<b>\$0</b>	<b>\$1,074,716</b>	<b>\$0</b>

## 3512-07 PLANT OPERATION &amp; MAINTENANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	4.22	4.22	4.22	.00	4.22	.00
Personal Services	135,919.61	130,960	137,043	0	138,791	0
Operating Expenses	124,359.95	125,631	130,243	0	136,486	0
<b>Total Agency Costs</b>	<b>\$260,279.56</b>	<b>\$256,591</b>	<b>\$267,286</b>	<b>\$0</b>	<b>\$275,277</b>	<b>\$0</b>
General Fund	0.00	0	267,286	0	275,277	0
Current Unrestricted Fund	260,279.56	256,591	0	0	0	0
<b>Total Funding Costs</b>	<b>\$260,279.56</b>	<b>\$256,591</b>	<b>\$267,286</b>	<b>\$0</b>	<b>\$275,277</b>	<b>\$0</b>

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	11.42	11.68	11.42	.00	11.42	11.42	.00	11.42
Personal Services	440,104.41	184,882	438,642	0	438,642	438,781	0	438,781
Operating Expenses	99,858.05	106,222	112,820	0	112,820	82,051	0	82,051
Equipment	0.00	1,612	0	0	0	0	0	0
Debt Service	1,612.00	0	0	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$541,574.46</b>	<b>\$292,716</b>	<b>\$551,462</b>	<b>\$0</b>	<b>\$551,462</b>	<b>\$520,832</b>	<b>\$0</b>	<b>\$520,832</b>
General Fund	0.00	0	551,462	0	551,462	520,832	0	520,832
Current Unrestricted Fund	541,574.46	292,716	0	0	0	0	0	0
<b>Total Funding Costs</b>	<b>\$541,574.46</b>	<b>\$292,716</b>	<b>\$551,462</b>	<b>\$0</b>	<b>\$551,462</b>	<b>\$520,832</b>	<b>\$0</b>	<b>\$520,832</b>

# Great Falls Vo-Tech

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	57.30	57.30	57.46	.00	57.46	.00
Personal Services	1,869,507.85	1,735,797	1,931,039	0	1,931,039	0
Operating Expenses	418,387.78	579,699	419,738	0	419,738	0
Equipment	13,533.45	13,000	0	0	0	0
Grants	259.00	0	0	0	0	0
Debt Service	15,264.00	0	0	0	0	0
Total Agency Costs	\$2,316,952.08	\$2,328,496	\$2,350,777	\$0	\$2,350,777	\$0
General Fund	0.00	0	1,532,038	0	1,532,038	0
State Special Revenue Fund	0.00	0	818,739	0	818,739	0
Current Unrestricted Fund	2,316,952.08	2,328,496	0	0	0	0
Total Funding	\$2,316,952.08	\$2,328,496	\$2,350,777	\$0	\$2,350,777	\$0
Instruction	1,456,374.75	1,345,401	1,462,625	0	1,462,625	0
Plant Operation & Maintenance	279,563.16	289,914	282,866	0	282,866	0
Support	581,014.17	693,181	605,286	0	605,286	0
Total Program Costs	\$2,316,952.08	\$2,328,496	\$2,350,777	\$0	\$2,350,777	\$0

**MISSION STATEMENT:** The Great Falls Vocational Technical Center provides occupationally specific and related instruction to meet a diversity of employment needs. The related education core curriculum includes courses in communication, computation and human relations and, when appropriate, safety, industrial safety and environmental awareness. Academic skill building laboratories to support technical training programs offer individualized learning opportunities in reading, language, mathematics and study skills. Twenty-two programs are offered in three occupational specialty areas of health, business, and trades and industry.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	38.70	38.70	37.12	.00	37.12	.00
Personal Services	1,365,422.20	1,187,301	1,374,586	0	1,374,586	0
Operating Expenses	75,249.55	158,100	88,039	0	88,039	0
Equipment	439.00	0	0	0	0	0
Debt Service	15,264.00	0	0	0	0	0
Total Agency Costs	<u>\$1,456,374.75</u>	<u>\$1,345,401</u>	<u>\$1,462,625</u>	<u>\$0</u>	<u>\$1,462,625</u>	<u>\$0</u>
General Fund	0.00	0	643,886	0	643,886	0
State Special Revenue Fund	0.00	0	818,739	0	818,739	0
Current Unrestricted Fund	<u>1,456,374.75</u>	<u>1,345,401</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	<u>\$1,456,374.75</u>	<u>\$1,345,401</u>	<u>\$1,462,625</u>	<u>\$0</u>	<u>\$1,462,625</u>	<u>\$0</u>

## 3513-07 PLANT OPERATION &amp; MAINTENANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	5.00	5.00	5.49	.00	5.49	.00
Personal Services	114,940.84	107,864	123,161	0	123,161	0
Operating Expenses	157,474.87	169,050	159,705	0	159,705	0
Equipment	7,147.45	13,000	0	0	0	0
Total Agency Costs	<u>\$279,563.16</u>	<u>\$289,914</u>	<u>\$282,866</u>	<u>\$0</u>	<u>\$282,866</u>	<u>\$0</u>
General Fund	0.00	0	282,866	0	282,866	0
Current Unrestricted Fund	<u>279,563.16</u>	<u>289,914</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	<u>\$279,563.16</u>	<u>\$289,914</u>	<u>\$282,866</u>	<u>\$0</u>	<u>\$282,866</u>	<u>\$0</u>

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	13.60	13.60	14.85	.00	14.85	.00
Personal Services	389,144.81	440,632	433,292	0	433,292	0
Operating Expenses	185,663.36	252,549	171,994	0	144,386	0
Equipment	5,947.00	0	0	0	0	0
Grants	259.00	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$581,014.17</b>	<b>\$693,181</b>	<b>\$605,286</b>	<b>\$0</b>	<b>\$577,684</b>	<b>\$0</b>
General Fund	0.00	0	605,286	0	577,684	0
Current Unrestricted Fund	581,014.17	693,181	0	0	0	0
<b>Total Funding Costs</b>	<b>\$581,014.17</b>	<b>\$693,181</b>	<b>\$605,286</b>	<b>\$0</b>	<b>\$577,684</b>	<b>\$0</b>

# Helena Vo-Tech

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	60.00	60.00	56.64	.00	56.64	.00
Personal Services	1,958,002.45	1,923,529	2,057,007	0	2,057,007	0
Operating Expenses	508,765.71	597,241	593,846	0	593,846	0
Equipment	220,866.30	73,645	75,713	0	75,713	0
Total Agency Costs	\$2,687,634.46	\$2,594,415	\$2,726,566	\$0	\$2,726,566	\$0
General Fund	0.00	0	2,002,734	0	2,002,734	0
State Special Revenue Fund	0.00	0	723,832	0	723,832	0
Current Unrestricted Fund	2,687,634.46	2,594,415	0	0	0	0
Total Funding	\$2,687,634.46	\$2,594,415	\$2,726,566	\$0	\$2,726,566	\$0
Instruction	1,602,716.44	1,501,308	1,650,450	0	1,650,450	0
Plant Operation & Maintenance	365,594.00	406,551	353,331	0	353,331	0
Support	719,324.02	686,556	722,785	0	722,785	0
Total Program Costs	\$2,687,634.46	\$2,594,415	\$2,726,566	\$0	\$2,726,566	\$0

**MISSION STATEMENT:** High quality instruction is offered in office education, trades and industry, technical, and health occupations. The mission of the programs is to provide pre-employment vocational and technical education in specified skills, retrain for employment, upgrade the employed, and community service. Each of the program areas offers a general education core to include human relations, communications, job preparation, and related mathematics. All these are relevant and comprehensive programs meeting the needs of industry for Montana and the greater region. The curricula are designed to meet the personal needs of each student to gain the knowledge and skills needed to be effective, useful members of a changing society.

Programs unique to the Helena Center are Carpentry, Truck-diesel Mechanics, and Airframe and Powerplant Technology.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	37.34	37.34	33.32	.00	33.32	.00
Personal Services	1,276,522.20	1,252,240	1,317,498	0	1,317,498	0
Operating Expenses	142,356.54	175,423	257,239	0	257,255	0
Equipment	183,837.70	73,645	75,713	0	75,697	0
<b>Total Agency Costs</b>	<b>\$1,602,716.44</b>	<b>\$1,501,308</b>	<b>\$1,650,450</b>	<b>\$0</b>	<b>\$1,650,450</b>	<b>\$0</b>
General Fund	0.00	0	926,618	0	924,012	0
State Special Revenue Fund	0.00	0	723,832	0	726,438	0
Current Unrestricted Fund	1,602,716.44	1,501,308	0	0	0	0
<b>Total Funding Costs</b>	<b>\$1,602,716.44</b>	<b>\$1,501,308</b>	<b>\$1,650,450</b>	<b>\$0</b>	<b>\$1,650,450</b>	<b>\$0</b>

## 3514-07 PLANT OPERATION &amp; MAINTENANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	6.00	6.00	5.22	.00	5.22	.00
Personal Services	131,005.19	158,064	139,602	0	140,947	0
Operating Expenses	215,754.81	248,487	213,729	0	216,928	0
Equipment	18,834.00	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$365,594.00</b>	<b>\$406,551</b>	<b>\$353,331</b>	<b>\$0</b>	<b>\$357,875</b>	<b>\$0</b>
General Fund	0.00	0	353,331	0	357,875	0
Current Unrestricted Fund	365,594.00	406,551	0	0	0	0
<b>Total Funding Costs</b>	<b>\$365,594.00</b>	<b>\$406,551</b>	<b>\$353,331</b>	<b>\$0</b>	<b>\$357,875</b>	<b>\$0</b>

## 3514-44 SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	16.66	16.66	18.10	.00	18.10	.00
Personal Services	550,475.06	513,225	599,907	0	600,075	0
Operating Expenses	150,654.36	173,331	122,878	0	93,165	0
Equipment	18,194.60	0	0	0	0	0
Total Agency Costs	\$719,324.02	\$686,556	\$722,785	\$0	\$693,240	\$0
General Fund	0.00	0	722,785	0	693,240	0
Current Unrestricted Fund	719,324.02	686,556	0	0	0	0
Total Funding Costs	\$719,324.02	\$686,556	\$722,785	\$0	\$693,240	\$0

# Missoula Vo-Tech

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	63.28	63.28	61.64	.00	61.64	.00
Personal Services	2,329,879.77	2,128,837	2,378,283	0	2,378,283	0
Operating Expenses	488,558.53	519,738	414,399	0	414,399	0
Equipment	17,766.46	114,614	122,248	0	122,248	0
Grants	58.00	0	0	0	0	0
Total Agency Costs	\$2,836,262.76	\$2,763,189	\$2,914,930	\$0	\$2,914,930	\$0
General Fund	0.00	0	2,109,839	0	2,109,839	0
State Special Revenue Fund	0.00	0	805,091	0	805,091	0
Current Unrestricted Fund	2,836,262.76	2,763,189	0	0	0	0
Total Funding	\$2,836,262.76	\$2,763,189	\$2,914,930	\$0	\$2,914,930	\$0
Instruction	1,554,622.77	1,491,097	1,556,785	0	1,556,785	0
Plant Operation & Maintenance	384,853.54	382,545	417,124	0	417,124	0
Support	896,786.45	889,547	941,021	0	941,021	0
Total Program Costs	\$2,836,262.76	\$2,763,189	\$2,914,930	\$0	\$2,914,930	\$0

**MISSION STATEMENT:** The Missoula Vocational technical Center provides related and occupationally specific instruction to meet a diversity of employment needs. Related instruction includes courses in communication, computation, human relations, and science.

Occupationally-specific instruction is offered in the program areas of agriculture, business, computer and information sciences, engineering-related technologies, health, home economics, law, protective services and public affairs, and trade and industrial as identified by the Classification of Instructional Programs.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	36.05	36.05	34.35	.00	34.35	34.35
Personal Services	1,403,129.34	1,209,891	1,403,500	0	1,403,500	1,403,500
Operating Expenses	136,537.97	166,592	40,137	0	40,137	40,137
Equipment	14,955.46	114,614	113,148	0	113,148	113,148
Total Agency Costs	<u>\$1,554,622.77</u>	<u>\$1,491,097</u>	<u>\$1,556,785</u>	<u>\$0</u>	<u>\$1,556,785</u>	<u>\$1,556,785</u>
General Fund	0.00	0	751,694	0	751,694	747,081
State Special Revenue Fund	0.00	0	805,091	0	805,091	809,704
Current Unrestricted Fund	1,554,622.77	1,491,097	0	0	0	0
Total Funding Costs	<u>\$1,554,622.77</u>	<u>\$1,491,097</u>	<u>\$1,556,785</u>	<u>\$0</u>	<u>\$1,556,785</u>	<u>\$1,556,785</u>

## 3515-07 PLANT OPERATION &amp; MAINTENANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	7.42	7.42	7.37	.00	7.37	7.37
Personal Services	195,567.31	203,093	213,680	0	213,680	216,927
Operating Expenses	187,831.23	179,452	194,344	0	194,344	200,112
Equipment	1,455.00	0	9,100	0	9,100	0
Total Agency Costs	<u>\$384,853.54</u>	<u>\$382,545</u>	<u>\$417,124</u>	<u>\$0</u>	<u>\$417,124</u>	<u>\$417,039</u>
General Fund	0.00	0	417,124	0	417,124	417,039
Current Unrestricted Fund	384,853.54	382,545	0	0	0	0
Total Funding Costs	<u>\$384,853.54</u>	<u>\$382,545</u>	<u>\$417,124</u>	<u>\$0</u>	<u>\$417,124</u>	<u>\$417,039</u>

3515-44 SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Modifications/Policy	Total	Current Level	Modifications/Policy	Total
Full Time Equivalent Employees	19.81	19.81	19.92	.00	19.92	19.92	.00	19.92
Personal Services	731,183.12	715,853	761,103	0	761,103	761,158	0	761,158
Operating Expenses	164,189.33	173,694	179,918	0	179,918	156,642	0	156,642
Equipment	1,356.00	0	0	0	0	0	0	0
Grants	58.00	0	0	0	0	0	0	0
Total Agency Costs	<u>\$896,786.45</u>	<u>\$889,547</u>	<u>\$941,021</u>	<u>\$0</u>	<u>\$941,021</u>	<u>\$917,800</u>	<u>\$0</u>	<u>\$917,800</u>
General Fund	0.00	0	941,021	0	941,021	917,800	0	917,800
Current Unrestricted Fund	<u>896,786.45</u>	<u>889,547</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	<u>\$896,786.45</u>	<u>\$889,547</u>	<u>\$941,021</u>	<u>\$0</u>	<u>\$941,021</u>	<u>\$917,800</u>	<u>\$0</u>	<u>\$917,800</u>

# Board of Public Education

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	4.00	4.00	4.00	.00	4.00	.00
Personal Services	137,826.24	129,049	144,051	0	144,093	0
Operating Expenses	62,534.49	140,772	61,107	10,000	60,066	10,000
Equipment	0.00	500	3,200	0	0	0
<b>Total Agency Costs</b>	<b>\$200,360.73</b>	<b>\$270,321</b>	<b>\$208,358</b>	<b>\$10,000</b>	<b>\$204,159</b>	<b>\$10,000</b>
General Fund	116,777.67	106,581	117,855	0	115,731	0
State Special Revenue Fund	83,583.06	163,740	90,503	10,000	88,428	10,000
<b>Total Funding</b>	<b>\$200,360.73</b>	<b>\$270,321</b>	<b>\$208,358</b>	<b>\$10,000</b>	<b>\$204,159</b>	<b>\$10,000</b>
Administration	123,286.67	113,090	127,405	10,000	125,281	10,000
Advisory Council	77,074.06	157,231	80,953	0	78,878	0
<b>Total Program Costs</b>	<b>\$200,360.73</b>	<b>\$270,321</b>	<b>\$208,358</b>	<b>\$10,000</b>	<b>\$204,159</b>	<b>\$10,000</b>

**MISSION STATEMENT:** To exercise "general supervision over the public school system", govern the Montana School for the Deaf and the Blind and, together with the Board of Regents, do the general planning, coordinating, and evaluation of the state's educational system. The Certification Standards and Practices Advisory Council investigates and advises the board on matters related to teacher, school administrator, and specialist certification of individuals admitted to practice in the elementary and secondary schools of Montana.

**CURRENT LEVEL SERVICES:** Increases in current level for the Board of Public Education are due to pay plan, inflation and the recommendation of \$1,600 in equipment for a personal computer.

Funding is recommended to be split between general fund and state special revenue. During Special Session I, funding was

changed from 100% general fund for the administration program. The general fund was reduced by \$6,509 and replaced with state special revenue from the research fund. It is recommended for the 1995 biennium that state special revenue be increased to \$9,550 each year.



## 5101-01 ADMINISTRATION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	2.00	2.00	2.00	.00	2.00	.00
Personal Services	84,403.53	75,642	90,276	0	90,296	0
Operating Expenses	38,883.14	37,198	35,529	10,000	34,985	10,000
Equipment	0.00	250	1,600	0	0	0
Total Agency Costs	\$123,286.67	\$113,090	\$127,405	\$10,000	\$125,281	\$10,000
General Fund	116,777.67	106,581	117,855	0	115,731	0
State Special Revenue Fund	6,509.00	6,509	9,550	10,000	9,550	10,000
Total Funding Costs	\$123,286.67	\$113,090	\$127,405	\$10,000	\$125,281	\$10,000

## 5101-03 ADVISORY COUNCIL

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	2.00	2.00	2.00	.00	2.00	.00
Personal Services	53,422.71	53,407	53,775	0	53,797	0
Operating Expenses	23,651.35	103,574	25,578	0	25,081	0
Equipment	0.00	250	1,600	0	0	0
Total Agency Costs	\$77,074.06	\$157,231	\$80,953	\$0	\$78,878	\$0
State Special Revenue Fund	77,074.06	157,231	80,953	0	78,878	0
Total Funding Costs	\$77,074.06	\$157,231	\$80,953	\$0	\$78,878	\$0

# Commissioner of Higher Education

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	73.15	69.38	66.95	16.50	83.45	66.95	19.50	86.45
Personal Services	2,389,757.86	2,243,439	2,369,724	146,741	2,516,465	2,375,194	73,094	2,448,288
Operating Expenses	2,933,105.42	3,149,287	2,730,726	-18,816,333	-16,085,607	2,710,489	-20,157,615	-17,447,126
Equipment	190,285.87	146,000	55,458	70,200	125,658	43,017	22,726	65,743
Local Assistance	3,733,048.91	3,975,108	3,890,368	0	3,890,368	3,857,489	0	3,857,489
Grants	6,769,223.57	7,135,663	7,697,875	0	7,697,875	7,800,946	0	7,800,946
Benefits and Claims	11,762,879.78	14,964,223	16,508,430	0	16,508,430	18,324,357	0	18,324,357
Transfers	133,528,613.62	124,651,302	3,127,953	0	3,127,953	3,127,953	0	3,127,953
Debt Service	706,255.00	698,153	682,110	0	682,110	578,758	0	578,758
<b>Total Agency Costs</b>	<b>\$162,013,170.03</b>	<b>\$156,963,175</b>	<b>\$37,062,644</b>	<b>\$-18,599,392</b>	<b>\$18,463,252</b>	<b>\$38,818,203</b>	<b>\$-20,061,795</b>	<b>\$18,756,408</b>
General Fund	127,998,189.80	118,439,175	11,194,437	-20,307,918	-9,113,481	11,077,198	-21,884,510	-10,807,312
State Special Revenue Fund	13,299,822.95	13,810,711	0	0	0	0	0	0
Federal Special Revenue Fund	7,636,085.69	8,514,035	7,892,091	1,608,577	9,500,668	7,897,561	1,722,700	9,620,261
Proprietary Fund	13,079,071.59	16,194,510	17,976,116	99,949	18,076,065	19,843,444	100,015	19,943,459
Expendable Trust Fund	0.00	4,744	0	0	0	0	0	0
<b>Total Funding</b>	<b>\$162,013,170.03</b>	<b>\$156,963,175</b>	<b>\$37,062,644</b>	<b>\$-18,599,392</b>	<b>\$18,463,252</b>	<b>\$38,818,203</b>	<b>\$-20,061,795</b>	<b>\$18,756,408</b>
Administration Program	1,183,533.67	1,054,986	1,186,796	-350,000	836,796	1,103,011	-550,000	553,011
Student Assistance Program	4,973,430.43	5,073,142	5,584,156	0	5,584,156	5,687,170	0	5,687,170
Dde Mathematics & Sci Ed Act	249,841.27	249,842	296,800	0	296,800	296,800	0	296,800
Community College Assistance	3,661,548.91	3,903,527	3,815,368	0	3,815,368	3,782,489	0	3,782,489
Mus Group Insurance Program	13,079,071.59	16,194,510	17,976,116	0	17,976,116	19,843,444	0	19,843,444
Talent Search	418,221.83	356,687	290,738	119,014	409,752	291,584	158,184	449,768
VVo-tech Approp. Distrib.	9,688,508.00	8,957,898	0	-112,400	-112,400	0	-149,900	-149,900
C.C.D. Perkins Admin	4,618,329.84	5,184,051	5,204,560	0	5,204,560	5,204,296	0	5,204,296
Appropriation Distribution	121,020,906.31	112,552,829	0	-19,869,518	-19,869,518	0	-21,224,610	-21,224,610
Guaranteed Student Loan Pgm	2,283,544.51	2,606,440	1,886,372	1,489,563	3,375,935	1,891,132	1,564,516	3,455,648
Board of Regents-admin	34,232.29	30,235	33,521	24,000	57,521	34,024	40,000	74,024
B Of R Bond Payments	706,255.00	698,153	682,110	0	682,110	578,758	0	578,758
Vvotech Center Admin.	95,746.38	100,875	106,107	0	106,107	105,495	0	105,495
Montana Career Info System	0.00	0	0	99,949	99,949	0	100,015	100,015
<b>Total Program Costs</b>	<b>\$162,013,170.03</b>	<b>\$156,963,175</b>	<b>\$37,062,644</b>	<b>\$-18,599,392</b>	<b>\$18,463,252</b>	<b>\$38,818,203</b>	<b>\$-20,061,795</b>	<b>\$18,756,408</b>



**MISSION STATEMENT:** Under the Constitution of the State of Montana, the governance and control of the Montana University System are vested exclusively in the Board of Regents of Higher Education which has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System. In addition, the Board of Regents exercises programmatic oversight of Montana's three community colleges. The Board of Regents appoints, by constitutional mandate, a Commissioner of Higher Education as the chief administrative officer of the Montana University System.

**MISSION STATEMENT (Continued):** In 1987, the Legislature vested the Board of Regents with general administrative oversight and supervision of post-secondary vocational-technical education. The Commissioner of Higher Education serves as chief administrative officer for post-secondary vocational-technical education in Montana.

As public servants of the State of Montana, the Regents and Commissioner are obligated to exercise several principal responsibilities on behalf of the citizens:

Coordination for the Maintenance of Diversity and Access: Fundamentally, all units of public post-secondary education exist to serve the educational, social, and campus environmental needs of a diverse student population not bounded by the traditional definition of college-age students. It is reasonable for these Montanans to expect a wide range of instructional programs in their institutions of higher learning. College-bound and vocational-technical students should find available in Montana academic and technical disciplines commensurate with those found in other states. Generally, undergraduates, and vocational-technical students should not have to leave Montana to pursue programs of study because they are unavailable in the State. In cases where a particular program of study is not offered in Montana, the Regents will make every effort to secure access to such a program in another state through interstate cooperative arrangements.

To be sure, not all programs can be made available on each college campus or vocational-technical center. However, the Board of Regents must be cognizant of educational needs in all areas of the State and endeavor to provide reasonable access to as many programs as possible for as many qualified citizens as possible. This effort should involve, when feasible, state-of-the-art technology for distance learning and the development of

nontraditional modes for the delivery of courses and programs.

For reasons of economy and necessity, public expectations for diversity must necessarily narrow when considering graduate education. Master's programs should be initiated and continued only when needs, resources, and institutional mission so dictate. Doctoral programs should be very limited in number and scope. They should not be initiated or continued if resources are inadequate to permit regional and/or national reputations of high quality as determined by appropriate external reviews.

The Board of Regents has the responsibility for coordinating the delivery of public post-secondary education in Montana. Accordingly, the System must set the proper role and scope configuration of programs at each campus, determine statewide educational needs, and provide leadership and support to the several campuses in meeting these needs. The Regents must be mindful of economic limitations and wary of unnecessary duplication.

Assurance of Quality: Through careful and regular review of programs in both vocational-technical and academic areas, the Board of Regents assures high educational standards in all public post-secondary institutions. Further, the regents seek to provide institutional budgets that are consistent with the maintenance and enhancement of high quality instruction, research, and public service.

In cooperation with secondary schools in Montana, the Montana University System establishes appropriate statewide standards for admission to post-secondary education. Minimum admission standards improve the preparation of college-bound students and provide to students assurances of increased likelihood of success. In addition, through various scholarship programs, the Montana University System seeks to attract outstanding Montana high school students to one of the several campuses.



The Board of Regents, in concert with the several campuses and centers, has the responsibility of providing leadership in helping to attract and retain outstanding faculty, staff, and administrators. This is to be done through improved salaries, better working conditions, and professional development opportunities.

Accountability to the Public: Montana citizens have over the years placed a high priority on public higher education and, therefore, have a right to proper accounting for the actions and expenditures of the Montana University System and the post-secondary vocational technical education centers in the State. Accordingly, the Board of Regents makes public explanations of activities, expenditures, and discharge of responsibilities.

The Regents exercise their responsibility to be accountable in several ways. first, they require that all institutions achieve and maintain accreditation by the Northwest Association of Schools and Colleges. Second, the Montana University System encourages, and in some cases requires, specific program accreditation. Third, the Regents are responsible for monitoring learning accomplishments of students and professional accomplishments of faculty. Finally, the Board of Regents must provide appropriate reports of financial expenditures. The best system of education exists when the greatest possible results are achieved with the most efficient expenditure of the taxpayers' investment. The Regents have committed themselves to this ideal and seek always to provide explanations and assurances to the citizens that their funds are being prudently expended.

Seek Adequate and Stable Funding: Inasmuch as excellent higher education is essential for the cultural, economic, and social well being of Montana, it is imperative that funding for higher learning in Montana be adequate and stable. Consequently, it is an obligation of the Board of Regents to advise the legislative and executive branches on fiscal challenges and opportunities facing higher education. Undeniably, it is a primary responsibility of the Board of Regents to be staunch and committed advocates of adequate educational funding. To that end, the higher education community must stand ready to provide accurate, broadly-based data to be used in the construction of a tax structure for all state purposes. In addition, the Board of Regents has the responsibility of seeking creative funding alternatives to supplement state revenues. These would include but not be limited to institutional partnerships with private businesses and industry, aggressive fund

raising efforts from both private and public agencies, and internal reallocations that eliminate unnecessary expenditures and assure funding for programs of high quality, priority, and demand.

Enhancement of Economic, Environmental, and Cultural Well-being of Montana: Through its many programs in teaching, research, and public service, post-secondary education has the responsibility of making Montana a better place to live. Continuation of the State's economic growth will be increasingly dependent upon its ability to meet the demands of existing commercial enterprises and new industries seeking to locate within its borders. Higher education opportunities for managers, scientists, and technicians must come largely from the colleges, universities, and vocational-technical centers. Moreover, the development of new products can be enhanced through expanded research capabilities within the Montana University System. Low-cost counsel to nascent businesses and assistance in the transfer of technology from laboratory to factory to marketplace are proper obligations of the campuses and vocational-technical centers.

Montana has been blessed with a splendid natural environment: clean air and water, abundant wildlife, verdant and plentiful forests, spaciousness, and breathtaking beauty. The systems of higher learning in Montana, through educational, research, and service programs, assist in the preservation of this natural environment while encouraging desired economic growth and diversification.

The quality of Montana's human environment rests in large measure on the competence of its teachers, health care providers, public administrators, law enforcement personnel, business leaders, and officers of the judiciary. The Montana University System and post-secondary vocational education enhance this rich human resource through a myriad of educational opportunities of retraining, retraining, and upgrading.

In addition, the Board of Regents recognizes its responsibility to help improve the educational fortunes of Montana's large Indian population. Measures of this commitment include close cooperation with the tribal-controlled community colleges, Indian student fee waivers, establishment of Native American Study Centers on the campuses, extensive data collection and student tracking, and many other efforts to recruit and retain Indian students.

# 5102-01 ADMINISTRATION PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	15.05	14.55	14.55	.00	14.55	.00
Personal Services	823,868.12	689,395	767,879	-252,000	515,879	-396,000
Operating Expenses	301,085.82	351,713	412,585	-87,500	325,085	-137,500
Equipment	50,701.73	6,000	6,332	-10,500	-4,168	-16,500
Transfers	7,878.00	7,878	0	0	0	0
Total Agency Costs	\$1,183,533.67	\$1,054,986	\$1,186,796	\$-350,000	\$836,796	\$-550,000
General Fund	1,154,027.03	1,024,355	1,186,796	-350,000	836,796	-550,000
State Special Revenue Fund	29,506.64	30,631	0	0	0	0
Total Funding Costs	\$1,183,533.67	\$1,054,986	\$1,186,796	\$-350,000	\$836,796	\$-550,000

**CURRENT LEVEL SERVICES:** The budget submission from the Commissioner of Higher Education did not contain the required Section 13, HB2, 5% personal services reduction. The FTE level remains the same as FY93 appropriated.

Personal services is as requested.

Operating expenses increase from FY92 to FY94 primarily due to

audit costs increasing \$69,099 and capital complex grounds maintenance costs of \$36,823 for FY94 and \$37,118 for FY95 being partially prorated to all agencies for the first time. Funding for the administration program is entirely state general fund. One-time state special revenue was used in the 1993 biennium to mitigate budget reductions.



# 5102-02 STUDENT ASSISTANCE PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Local Assistance	71,500.00	75,000	75,000	0	75,000	75,000
Grants	4,901,930.43	4,993,398	5,509,156	0	5,509,156	5,612,170
Transfers	0.00	4,744	0	0	0	0
Total Agency Costs	\$4,973,430.43	\$5,073,142	\$5,584,156	\$0	\$5,584,156	\$5,687,170
General Fund	4,741,338.43	4,788,398	5,279,156	0	5,279,156	5,382,170
Federal Special Revenue Fund	232,092.00	280,000	305,000	0	305,000	305,000
Expendable Trust Fund	0.00	4,744	0	0	0	0
Total Funding Costs	\$4,973,430.43	\$5,073,142	\$5,584,156	\$0	\$5,584,156	\$5,687,170

The differences in student assistance budgets from FY92 to FY94 and FY95 are as follows:

## COMMISSIONER OF HIGHER EDUCATION

	FY94	FY95	Student Assistance Programs	Actual FY92	Recommend FY94	Recommend FY95
1. WICHE Dues	\$ 3,500	\$ 3,500	WICHE DUES	71,500	75,000	75,000
2. Paul Douglas	35,000	35,000	PAUL DOUGLAS	50,000	85,000	85,000
3. Work Study	37,134	37,134	WORK STUDY	462,866	500,000	500,000
4. WICHE General Fund	83,128	(13,105)	WICHE G.F.	1,537,672	1,620,800	1,524,567
5. WAMI 3% fee increase	152,706	231,618	WAMI G.F. 3%	2,129,818	2,282,524	2,361,436
6. Minnesota Dentistry	5,600	7,700	MINNESOTA DENTAL	86,800	92,400	94,500
7. SSIG General Fund	39	39	SSIG G.F.	219,961	220,000	220,000
8. SSIG Federal Funds	37,908	37,908	FED	182,092	220,000	220,000
9. SEGO General Fund Match	208,018	208,018	SEGO G.F. MATCH	158,649	366,667	366,667
10. PERKINS General F. Match	138,693	165,928	C. PERKINS G.F. MATCH	74,072	121,765	240,000
15% in FY94 - 25% in FY95						
TOTAL				\$4,973,430	\$5,584,156	\$5,687,170

Increases and/or decreases are due either to match requirements or increases in fees assessments.



**WICHE AND MINNESOTA DENTISTRY**

	Authorized FY93		Recommended FY94		Recommended FY95	
<b>Medicine:</b>						
Support Per Student	\$22,800		\$22,800		\$22,800	
Beginning	5	\$114,000	5	\$114,000	5	\$114,000
Continuing	16	\$364,800	19	\$433,200	15	\$342,000
Total Medicine	21	\$478,800	24	\$547,200	20	\$456,000
<b>Osteopathic:</b>						
Support Per Student	\$11,500		\$11,700		\$11,900	
Beginning	2	\$23,000	2	\$23,400	2	\$23,800
Continuing	2	\$23,000	3	\$35,100	5	\$59,500
Total Osteopathic	4	\$46,000	5	\$58,500	7	\$83,300
<b>Dentistry:</b>						
Support Per Student	\$12,900		\$13,200		\$13,500	
Beginning Reg.	2	\$25,800	2	\$26,400	2	\$27,000
Beginning MN	2	\$25,800	2	\$26,400	2	\$27,000
Continuing Reg.	9	\$116,100	7	\$92,400	7	\$94,500
Continuing MN	4	\$51,600	5	\$66,000	5	\$67,500
Total Dentistry	17	\$219,300	9	\$118,800	9	\$121,500
<b>Veterinary:</b>						
Support Per Student	\$18,400		\$18,400		\$18,400	
Beginning	10	\$184,000	10	\$184,000	10	\$184,000
Continuing	30	\$552,000	32	\$588,800	32	\$588,800
Total Veterinary	40	\$736,000	42	\$772,800	42	\$772,800
<b>Occupational Therapy:</b>						
Support Per Student	\$4,700		\$4,800		\$4,900	
Beginning	1	\$4,700	1	\$4,800	1	\$4,900
Continuing	3	\$12,534	2	\$12,800	1	\$6,533
Total Occ Therapy	4	\$17,234	3	\$17,600	2	\$11,433

**WICHE AND MINNESOTA DENTISTRY**

	Authorized FY93		Recommended FY94		Recommended FY95	
Optometry:						
Support Per Student	\$7,100	\$14,200	\$7,200	\$14,400	\$7,300	\$14,600
Beginning	2	\$85,200	2	\$64,800	2	\$51,100
Continuing	12	\$99,400	9	\$79,200	7	\$65,700
Total Optometry	14		11		9	
Public Health:						
Support Per Student	\$4,400	\$4,400	\$4,500	\$4,500	\$4,600	\$4,600
Beginning	1	\$10,266	1	\$6,000	1	\$6,134
Continuing	3	\$14,666	2	\$10,500	2	\$10,734
Total Pub. Health	4		3		3	
Podiatry:						
Support Per Student	\$7,900	\$0	\$8,100	\$8,100	\$8,300	\$8,300
Beginning	0	\$23,700	1	\$8,100	1	\$8,300
Continuing	3	\$23,700	1	\$16,200	1	\$16,600
Total Podiatry	3		2		2	
WICHE Dues		75,000		75,000		75,000
Total WICHE	101	\$1,632,700	101	\$1,620,800	94	\$1,538,067
Minnesota Dentistry	6	77,400	7	92,400	7	94,500
WICHE and Minnesota Dentistry	107	\$1,710,100	108	\$1,713,200	101	\$1,632,567
Appropriated FY93						
Special Session II Reduction GF.		1,710,800				
Total FY93 Appropriations		\$129,694				
Supplemental Recommended		\$1,581,106				
Total FY93 Recommended		\$11,617				
		\$1,592,723				

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Personal Services	14,484.00	0	0	0	0	0
Operating Expenses	1,772.32	1,500	1,619	0	1,562	0
Equipment	84.95	0	85	0	85	0
Grants	233,500.00	248,342	295,096	0	295,153	0
<b>Total Agency Costs</b>	<b>\$249,841.27</b>	<b>\$249,842</b>	<b>\$296,800</b>	<b>\$0</b>	<b>\$296,800</b>	<b>\$0</b>
Federal Special Revenue Fund	249,841.27	249,842	296,800	0	296,800	0
<b>Total Funding Costs</b>	<b>\$249,841.27</b>	<b>\$249,842</b>	<b>\$296,800</b>	<b>\$0</b>	<b>\$296,800</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The increases for FY94 and FY95 represent increased federal special revenue of approximately \$47,000 between FY92 and FY94. The additional funding is for

grants to higher education agencies to be used to upgrade the teaching skills of teachers in the mathematics and science disciplines.

## 5102-04 COMMUNITY COLLEGE ASSISTANCE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	0.00	3,419	0	0	0	0
Local Assistance	3,661,548.91	3,900,108	3,815,368	0	3,782,489	0
<b>Total Agency Costs</b>	<b>\$3,661,548.91</b>	<b>\$3,903,527</b>	<b>\$3,815,368</b>	<b>\$0</b>	<b>\$3,782,489</b>	<b>\$0</b>
General Fund	3,661,548.91	3,903,527	3,815,368	0	3,782,489	0
<b>Total Funding Costs</b>	<b>\$3,661,548.91</b>	<b>\$3,903,527</b>	<b>\$3,815,368</b>	<b>\$0</b>	<b>\$3,782,489</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** Community College assistance is calculated using an enrollment-based formula. The total unrestricted budget of the community colleges is determined by multiplying the number of FTE students by a cost factor per student. The audit costs are added to the formula-generated budgets. The state general fund appropriation is calculated by multiplying the total unrestricted budget by a fixed percentage of

state support for the unrestricted budget.

The executive recommendation uses FY92 actual enrollments of 1,915 FTE students X the cost factor per student FTE at the FY92 appropriated amount of \$4,031. This generates a total current unrestricted budget for FY94 of \$7,719,365 plus audit costs of



\$67,100 (\$7,786,465). FY95 total current unrestricted budget is \$7,719,365.

The state support is recommended at 49% each year of the 1995

biennium. The general fund support for the community colleges will be \$3,815,368 in FY94 and \$3,782,489 in FY95 using this formula.

COMMUNITY COLLEGE FORMULA FACTORS FISCAL YEARS 1992, 1994 AND 1995				
Formula Item	Appropriated FY92	Appropriated FY93	Recommended FY94	Recommended FY95
Student FTE Enrollment	1,841	1,841	1,915	1,915
Cost Factor Per SFTE	\$4,031	\$4,163	\$4,031	\$4,031
Current Budget	\$7,421,071	\$7,664,083	\$7,719,365	\$7,719,365
Audit Cost	61,000	0	67,100	0
Total Current Budget	7,482,071	7,664,083	7,786,465	7,719,365
Percent State Support	51%	55%	49%	49%
General Fund Cost	3,815,856	4,215,246	3,815,368	3,782,489
SS-1 Reductions	(152,634)	(152,634)	0	0
SS-2 Reductions		(162,504)	0	0
Adjusted General Fund Cost	\$3,663,222	\$3,900,108	\$3,815,368	\$3,782,489

# 5102-05 MUS GROUP INSURANCE PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	3.50	3.50	3.50	.00	3.50	.00
Personal Services	104,874.61	107,853	116,444	0	116,806	0
Operating Expenses	1,211,161.20	1,117,434	1,351,242	0	1,402,281	0
Equipment	156.00	5,000	0	0	0	0
Benefits and Claims	11,762,879.78	14,964,223	16,508,430	0	18,324,357	0
<b>Total Agency Costs</b>	<b>\$13,079,071.59</b>	<b>\$16,194,510</b>	<b>\$17,976,116</b>	<b>\$0</b>	<b>\$19,843,444</b>	<b>\$0</b>
Proprietary Fund	13,079,071.59	16,194,510	17,976,116	0	19,843,444	0
<b>Total Funding Costs</b>	<b>\$13,079,071.59</b>	<b>\$16,194,510</b>	<b>\$17,976,116</b>	<b>\$0</b>	<b>\$19,843,444</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** The MUS Group Insurance Program provides group insurance benefits to faculty and staff employees of the university system, vo-tech centers, and the Office of the Commissioner of Higher Education. The program is funded by employee contributions and interest earnings on investments.

There are major increases in contracted services with Blue Cross/Blue Shield and United of Omaha, with the latter contracts increasing 20% in FY94 and five% in FY95. Benefits and claims are budgeted with an 11% increase each year.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
				Total		Total
Full Time Equivalent Employees	11.15	9.88	7.45	1.50	7.45	1.50
Personal Services	299,194.17	274,539	224,968	36,336	225,165	36,375
Operating Expenses	110,826.95	82,148	65,770	82,678	66,419	121,809
Equipment	8,200.71	0	0	0	0	0
Total Agency Costs	<u>\$418,221.83</u>	<u>\$356,687</u>	<u>\$290,738</u>	<u>\$119,014</u>	<u>\$291,584</u>	<u>\$158,184</u>
				<u>\$409,752</u>		<u>\$449,768</u>
General Fund	79,556.06	82,040	0	0	0	0
Federal Special Revenue Fund	338,665.77	274,647	290,738	119,014	291,584	158,184
Total Funding Costs	<u>\$418,221.83</u>	<u>\$356,687</u>	<u>\$290,738</u>	<u>\$119,014</u>	<u>\$291,584</u>	<u>\$158,184</u>
				<u>\$409,752</u>		<u>\$449,768</u>

**CURRENT LEVEL SERVICES:** The 1993 biennium expenditures and funding include a \$175,648 biennial general fund appropriation contained in HB125 for one-time American Indian/minority achievement purposes. The act, which was to improve the

recruitment and retention of American Indians in higher education, terminates June 30, 1993. With the conclusion of this special project, the expenditures are reduced and funding reverts to 100% federal special revenue.

**MODIFIED LEVEL SERVICES:** Budget Amendments Budget amendments approved for FY93 are recommended to continue and, in addition, federal revenue increases about 10% each year of the 1995 biennium. The personal services increase is budgeted at \$36,336 in FY94 and \$36,375 in FY95 for 1.50 FTE comprised of three part-time academic support assistants.

The program director intends to expand the academic component of the program by increasing individual and group tutoring, as well as study skills and remedial instruction workshops. Operating expenses increase primarily for contracted services and travel. Funding is federal special revenue.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	0.00	0	-112,400	-149,900	-149,900	-149,900
Transfers	9,688,508.00	8,957,898	0	0	0	0
<b>Total Agency Costs</b>	<b>\$9,688,508.00</b>	<b>\$8,957,898</b>	<b>\$0</b>	<b>\$-112,400</b>	<b>\$-149,900</b>	<b>\$-149,900</b>
General Fund	8,723,503.00	7,976,418	0	-112,400	0	-149,900
State Special Revenue Fund	965,005.00	981,480	0	0	0	0
<b>Total Funding Costs</b>	<b>\$9,688,508.00</b>	<b>\$8,957,898</b>	<b>\$0</b>	<b>\$-112,400</b>	<b>\$-149,900</b>	<b>\$-149,900</b>

## POLICY INITIATIVE

Institute competitive contracting and managerial incentives for cost effectiveness in selected Vo-Tech areas of operations.

**PROBLEM:** The cost of per-student support and administrative services continue to climb, while students, faculty and staff complain of decreased services and options. With the opportunity to tap into area business and community resources, vocational technical centers stand to benefit from decentralized purchasing and innovative management practices.

*Montana should join other states in implementing options to delivery to services and goods*

With a national trend toward providing more options to better meet the needs of students, as well as the need to improve services for staff and faculty, Montana should join other states in implementing options to delivery of services and goods within the vocational-technical centers.

Other states which have initiated successful incentives to implement savings through competitive contracting and greater management flexibility include: Wisconsin university system, Wisconsin vocational technical system, Texas vocational and community college system, Vermont educational system, New York State educational system, Tennessee and Kentucky higher educational systems and the Iowa educational system.

*Competitive contracting savings from 10% to 40%*

**RECOMMENDATION:** Competitive contracting has become a recognized method of reducing costs while improving services. Overall, recent studies have shown savings of from 10% to 40% when competitive contracting was introduced: these savings were often the result of removing restrictions, such as cumbersome paperwork, rigid hiring and work practices, and purchasing controls that limited innovation from within delivery entities.

*Maintenance, grounds care, printing*

Maintenance, grounds care, decorating, printing, equipment repair and purchasing and leasing, and even managing registration and admissions, could be contracted to local, national or international firms specializing in such areas. Strict guidelines of performance and accountability should be fully defined for all participants.

*Local firms should be used whenever possible*

Surveys of the customers--students, faculty and staff--should be instituted to enhance performance and accountability. Local firms should be used wherever possible, but contract award should be based on merit and bid rather than parochialism. Merit must be based on providing optimal satisfaction to the customer coupled with economy and efficiency of performance.

***Not to be a reduction in services***

Resident staff in services that are being let for bid should be given options to transfer to other campus services, or to be hired for not less than two years by the contracting firm. Staff with merit and of commensurate worth should have no trouble with employment. Departments or offices can be phased out over two or three year time spans. This change to competitive contracting and higher levels of efficiency is not to be a reduction in services, but rather a realization of sound management practices.

By recruiting assistance and advice through a volunteer group of local businesses, the vocational-technical centers can realize savings in areas such as pooled purchasing, shared specialty labor and equipment repairs and maintenance. Further, closer cooperative relationships with area businesses enhance job opportunities for vo-tech graduates, as well as opening a pool of part-time instructional help drawn from the private sector.

**ACTION:** The regents should resolve that the vo-techs adopt the use of competitive contracting. Incentives and bonuses should be offered for entrepreneurial actions which result in significant savings and increases in efficiency within the Vo-Techs. This change in management practices is an optimal way to reduce campus costs and enhance delivery of services and goods wherever possible.

***Incentives and bonuses should be offered for entrepreneurial actions which result in savings and increases in efficiency***

**FISCAL IMPACT:** Based on budget amounts in the areas of support and plant funding for the current biennium, the following are estimates of savings which could be realized using the current budgeted amounts as the basis of computation. FY92 actual expenditures were used as the basis for the computations. Based on highly conservative estimates of the potential impact of encouragement of savings through competitive contracting and entrepreneurial actions, and based as well on a gradual realization of the rewards of such encouragement, the following percentages of savings have been assigned on an annual basis as computed below.

***FY92 actual expenditures used for computations***

These estimates ignore all areas of funding other than Institutional Support and Operations and Plant expenditures from unrestricted funds: obviously, there is room for more savings in other areas. FY92 actual expenditures and anticipated savings are as follows:



*Savings at only 3% and 4%*

***Savings \$112,400 in FY94  
\$149,900 in FY95***

ACTUALS AND SAVINGS FOR VOCATIONAL TECHNICAL CENTERS BY CENTER INSTITUTIONAL AND ACADEMIC SUPPORT				
CAMPUS	ACTUAL FY92 *	SAVINGS FY94 @3%	SAVINGS FY95 @4%	
BILLINGS				
BUTTE	\$387,060	\$11,500	\$15,500	
GREAT FALLS	305,411	9,200	12,200	
HELENA	432,054	13,000	17,300	
MISSOULA	505,314	15,200	20,200	
TOTAL	553,942	16,600	22,200	
	\$2,183,781	\$65,500	\$87,400	
OPERATIONS AND PLANT				
BILLINGS				
BUTTE	\$272,184	\$8,200	\$10,900	
GREAT FALLS	260,280	7,800	10,400	
HELENA	279,563	8,400	11,200	
MISSOULA	365,594	11,000	14,600	
TOTAL	384,854	11,500	15,400	
	\$1,562,475	\$46,900	\$62,500	
TOTAL SAVINGS FY94 & FY95:		\$112,400	\$149,900	
*From: Schedule 12, Montana Vocational Technical Centers Operating Budgets 1992-93, Item 77-7001-R0992, September 14, 1992. Office of the Commissioner of Higher Education, Helena, Montana.				

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	3.20	3.20	3.20	.00	3.20	.00
Personal Services	122,185.40	114,541	132,691	0	132,691	0
Operating Expenses	46,633.71	47,634	47,489	0	47,489	0
Equipment	4,396.28	0	2,804	0	2,804	0
Grants	1,633,793.14	1,893,923	1,893,623	0	1,893,623	0
Transfers	2,811,321.31	3,127,953	3,127,953	0	3,127,953	0
Total Agency Costs	<b>\$4,618,329.84</b>	<b>\$5,184,051</b>	<b>\$5,204,560</b>	<b>\$0</b>	<b>\$5,204,560</b>	<b>\$0</b>
General Fund	86,387.70	80,945	91,379	0	91,379	0
Federal Special Revenue Fund	4,531,942.14	5,103,106	5,113,181	0	5,113,181	0
Total Funding Costs	<b>\$4,618,329.84</b>	<b>\$5,184,051</b>	<b>\$5,204,560</b>	<b>\$0</b>	<b>\$5,204,560</b>	<b>\$0</b>

**CURRENT LEVEL SERVICES:** This is the program by which the regents administer federal Carl Perkins Vocational Act revenue. Grants and transfers increase over FY92 actual due to increased federal funding. Because of increased federal funding, the general

fund required match increases \$4,991 from FY92 and to FY94. Federal funding increases \$586,230 in FY94 and FY95 over FY92 actual.

## 5102-09 APPROPRIATION DISTRIBUTION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	0.00	0	0	-19,869,518	0	-21,224,610
Transfers	121,020,906.31	112,552,829	0	0	0	0
Total Agency Costs	<b>\$121,020,906.31</b>	<b>\$112,552,829</b>	<b>\$0</b>	<b>\$-19,869,518</b>	<b>\$0</b>	<b>\$-21,224,610</b>
General Fund	108,715,595.00	99,754,229	0	-19,869,518	0	-21,224,610
State Special Revenue Fund	12,305,311.31	12,798,600	0	0	0	0
Total Funding Costs	<b>\$121,020,906.31</b>	<b>\$112,552,829</b>	<b>\$0</b>	<b>\$-19,869,518</b>	<b>\$0</b>	<b>\$-21,224,610</b>

## Overview of Policy Initiatives for the Six University Units Funding Stability, Funding Innovation

*Policy of funding stability and innovation in MUS*

*Influenced by the Commission for the Nineties and Beyond*

*A central administrative entity will result both in significant savings and in a cohesive MUS identity*

*Montana higher education is faced with the conflict of meeting responsibilities to the state and to students*

There are 18 policy initiatives recommended for the six units of the Montana University System (MUS) under the overall policy of "Funding Stability, Funding Innovation". These recommendations focus on those areas where budgetary considerations have a significant role across areas of importance for the MUS, the State of Montana, the Montana taxpayers, and the students who participate in the process of higher education. These policy initiatives derive significantly from recommendations set forth in the opening pages of the report issued by the Commission for the Nineties and Beyond, especially those recommendations with overriding budgetary implications.

For the MUS to go forward into the next century as a viable institution, recognition must be given to the need for diversity within unity, with each campus offering unique programs and characteristics, all sharing a common leadership under one president of the system. Montana is neither populous enough nor wealthy enough to continue to support the present structure of scattered, semi-autonomous leadership. All campuses within the MUS must share common leadership, a common fiscal structure, and a common core curriculum. A central administrative entity, the result of a major restructuring of the system lines of authority, will result both in significant savings and in a cohesive MUS identity. Within that unified structure, the MUS can offer quality programs, and rely on increasing the recognition of its variety of unique offerings attract students from around the globe.

Bound together by the common goal of providing quality degree programs, the campuses of the system must empower students with those basic competencies and areas of knowledge to compete in the present--and future--increasingly global marketplace.

The university system and the State of Montana exist in an environment of conflict and challenge. Conflicts concerning the MUS budget exist both within state and within the system. The state must meet the needs of all of its citizens and be responsive to the concerns of taxpayers over growth in spending, which include growth in the MUS budget. Our Montana higher education system is faced with the conflict of meeting responsibilities to the state and to students while keeping costs under control. With a limited amount to spend, choices for the state between higher education and other services arise.



*A system designed to meet the needs of a turn-of-the-century Montana*

During the evolutionary history of the system, changes in the social and economic fabric of the state have forced conflict upon the system, but there has been resistance to the need to make major changes in definition of the MUS mission, scope and structure. As a result, administrators struggle to meet current needs with a system designed to meet the needs of a turn-of-the-century Montana. While the administration works hard to provide services and to meet present demands from students and the state, it does so within an antiquated framework of funding, structure and governance that hampers quality.

*The answer may be found in MUS mission, scope and structure*

The challenge is to find a definition for the MUS that provides a closely reasoned means for decision making, and the answer to that challenge may be found partly in fundamental interpretations of the MUS mission, scope and structure.

*A structure designed to meet the needs of a scattered, agrarian population in a vast state*

With four of its campuses founded before the turn of the century, and the Eastern and Northern campuses added at the doorstep of the Great Depression, the pre-World War II MUS had both a mission and a structure designed to meet the needs of a scattered, agrarian population in a vast state. As a state-supported system, the MUS found its identity and mission in agricultural education, teaching the teachers, and educating the professionals of the state.

*In 1945, Montana higher education system was in line with the times*

Its early mission was to educate the people of Montana who planned to live and work within the state once they graduated. Many of its students were studying to become teachers. A strong argument for the existence of scattered and therefore accessible state colleges in the first half of this century was the need to provide reasonably-priced education for teachers who would teach in these sparsely-populated agrarian states. In 1945, Montana higher education system was in line with the times.

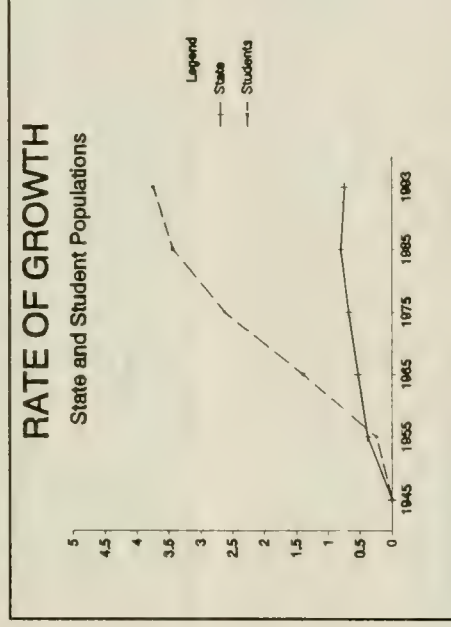
*MUS has struggled to provide a strong institution from which educational, economic, societal and intellectual progress can flourish and lead the state and region*

Since the end of World War II, a growing student population and modern demands have imposed changes on the operative scope and mission of the MUS. Beyond the needs of the students of today, the MUS must meet the needs of today by the state for successful incubation of new businesses, technological research and applications, and attraction of corporate and government sponsored research. As well, faculty must contribute to and enrich the social, intellectual and cultural fabric of the state and the region.

External changes have been coupled with increasing government demands for accountability. In trying to respond to the demands of government and please special interest groups, the MUS has found it increasingly difficult to fulfill its mission to students who seek a quality education to prepare them for careers and competitive advantage in an increasingly global society. The MUS has struggled to fulfill its broader mission to the taxpayers of the state--to provide a strong institution from which educational, economic, societal and intellectual progress can flourish and lead the state and region.

This MUS broader mission has been partially met, but a greater challenge has come from the increasing scope due to demand for educational opportunities from a growing number of students. While the Montana general population has not quite doubled, enrollment in publicly-supported higher education has increased almost five-fold. In 1945, Montana had a state population of 458,000 and a post-secondary student population of 6,191, including students who attended private colleges.

Today, with a population of 799,000 (1990), Montana public higher education system has an enrollment of 29,390 FTE. The following chart illustrates the differences in the rate of growth between state and student populations beginning with 1945, and ending with the 1990 numbers above.



Today, there are fewer state residents per student to support state higher education students. As the Montana student population has outgrown the MUS pre-war structure, the ability to provide quality education has been drained. Our present-day competitive and globally interactive marketplaces and institutions demand knowledgeable, trained and sophisticated individuals ready to confront and successfully contribute to international activities.

Limited resources are stretched to meet the diverse and growing demands of students. Recognizing that no system can be all things to all people, a redefinition of the mission for the MUS with increased emphasis on quality, and a reinterpretation of accessibility, based on modern communications and present transportation opportunities, is necessary. Given the multi-layered campuses within the MUS,

*While the Montana general population has not quite doubled, enrollment in publicly supported higher education has increased almost five-fold*

*The chart illustrates the differences in the rate of growth between state and student populations*

*Fewer residents per student to support state higher education*

*A redefinition of the mission is necessary*



*Does not mean denying students educational opportunities*

*Legislative actions to serve local interests or to court constituencies, operate to shape the system*

*Just as corporations and other state governments are turning to more effective, efficient and economical structures to meet the needs of constituents, so must the MUS*

a redefinition of scope does not mean denying students educational opportunities: it means providing a better match between students' abilities and readiness and the curriculum they undertake.

The MUS has witnessed the introduction of the efficiencies and competition of international marketplaces into the Montana economy, while the MUS combined campus and administrative structure remains a reflection of a post-war state. Montana higher education system operates within a structure imposed upon the system through inheritance of campuses. Legislative actions to serve local interests or to court constituencies, and preservation of assumptions about higher education access and administration that are no longer valid in our modern world, operate to shape the system.

Today, these costly older campuses that comprise the physical structure of the MUS, are in need of repair or retirement. The administrative system is organized along the lines inherited from administrative organizational patterns common in the first half of the century. Just as corporations and other state governments are turning to more effective, efficient and economical structures to meet the needs of constituents, so must the MUS.

Accessibility, once limited by poor roads and inadequate communications systems, is now open to any Montana citizen with a car or a telephone. Increasing use of telecommunications, video tapes and interactive programming bring the classroom into the home. The need to maintain and build more physical space on scattered campuses is fast disappearing. The opportunity for more centralized services, delivered through modern means of communication and the greater use of available media reduces the need for remote management and faculty as well as the need for remote facilities.

As managers of highway systems and services delivery systems have responded to the introduction of new technologies and changing demands by redefining structures, so must the MUS. The regents must move swiftly to reorganize the structure to take advantage of tools that, when substituted for present means, will increase rates of delivery, provide more courses at more locations at lower cost, extend the reach of programs, and provide for more effective and economical use of taxpayers' dollars.

*MUS must define its mission clearly*

*18 policy initiatives provide recommendations*

*Layers of administration, redundant for each campus, cannot be supported or justified today*

Simply put, the MUS must define its mission clearly, reorganize structure to better fulfill its mission, and implement those economies and efficiencies that will provide Montana students with a quality higher education that is within financial reach of both the taxpayer and the student. The MUS must assign effort--of dollars, faculty, facilities, and administration--so that effort and mission correspond. The 18 policy initiatives which follow attempt to provide recommendations toward these ends.

The structure of the MUS needs redefinition to bring this state agency into the present. Scattered, outlier campuses with many layers of administration, redundant for each campus, cannot be supported or justified today. Modern communications, coupled with emphatic needs for economical and efficient management, demand centralized administrative structures. While much of the existing fiscal structure



and the campuses continue to be viable, uses and the new opportunities emerging for better utility must be recognized and implemented.

*Regents must redefine the structure of the MUS*

The Board of Regents must develop a comprehensive plan to redefine the structure of the MUS to interpose coherence within the system and synergy among goals related to mission, scope and structure. This restructuring should be approached as a corporate management tool used to make the MUS more effective, efficient and economical. This restructuring plan for the MUS should be implemented over the next ten years. The plan will enable the Montana higher education system to encourage diversity on individual campuses, while strengthening unity. Create a standard core curriculum for all campuses. Encourage campuses to develop and build quality, nationally competitive programs in unique study areas that will attract students.

*Restructuring should be approached as a corporate management tool implemented over the next ten years*

However, this system would contain a universally-transferable core curriculum tied to increasingly-stringent admissions requirements specific to the level of curriculum offered on the campus. (A step-feeder system, based on a two-four plan, would work. The description and details of such a plan are beyond the scope of the executive budget. This system would provide access at various campuses for many levels of students, as well as effectively limiting enrollment in more challenging programs to those students who were prepared and qualified for the demands of the curriculum). This plan must address, but should not be limited to, the elements described in the 18 policy initiatives.

*A universally-transferable core curriculum*

The following initiatives include recommendations on changes in the general structure of the system of the MUS, including changes in the administrative structure and course delivery structure. Recommended changes in the overall governance of the MUS and how that governance is exercised cover preparedness, changes in management, increased long-range planning and analysis, and uniform systems. Recommendations for funding are perhaps the most significant, for a complete change in the funding mechanism for funds flowing through the general fund from taxpayers is recommended. Changes in tuition, and the philosophy governing tuition and funding, also are recommended. Quality recommendations have less significant fiscal impact, but impact greatly on the preparedness and competitive advantage of MUS students.

*Changes in administrative structure, course delivery structure, overall governance, the funding mechanism for funds flowing through the general fund from taxpayers, tuition, and quality*

Each policy initiative begins with a Problem Statement, followed by the Recommendation, the Action necessary to affect the Recommendation, and ends with a statement of the Fiscal Impact of the Recommendation. Fiscal narratives are embodied within the initiative for easier reference. A summary of fiscal impacts resulting from each of the initiatives follows.

MUS SIX UNITS INITIATIVES			
Item	FY94	FY95	INITIATIVE
B	250,000	400,000	Phase Out Commissioner's Office
C	400,000	800,000	Phase Out Presidents
D	50,000	150,000	Medical Arts (Pharmacy and Nursing) Consolidations
E	1,200,000	1,600,000	Phase Out Redundant Programs
F	(24,000)	(40,000)	Board Of Regents Training
G	1,443,100	1,924,100	Competitive Contracting @3% in FY94, @4% in FY95
J	1,337,004	1,346,003	Savings From Resident Enrollment Cap @21,573 FYFTE
K	100,000	150,000	Move Fees Into Current Unrestricted Budget (NET)
L	2,500,000	2,500,000	Indirect Costs @50% Applied To Current Unrestricted
M	6,124,476	6,361,421	Additional Revenue From Resident Tuition @ 30%
N	3,353,473	3,531,621	Additional Revenue From N/R Tuition Increase @105%
O	3,811,465	3,811,465	Fund Fee Waivers From Other Sources
	20,545,519	22,534,611	TOTAL SAVINGS

*Methodologies conform to  
those employed by Research  
Associates*

*Bibliography in Appendix*

Unless otherwise noted within a particular initiative, data utilized in this portion of the executive budget is drawn from the following sources: (1) South, Carroll, The Montana Historical Expenditure Report, Legislative Fiscal Analyst, Montana, 1992; (2) State Profiles: Financing Public Higher Education 1978 to 1991, Research Associates, Washington, D. C., 1991; (3) State Higher Education Profiles, National Center for Education Statistics, Washington, D. C., 1990. A complete bibliography is printed in the executive budget Appendix for reference. Methodologies used herein conform to those employed by Research Associates, whose publication should be consulted for further information on computations. Note is made that the total cost of education has risen, as well as tuition levels, since some of the respective years reported herein. For purposes of initial computation, these figures should suffice. Nationally-normed data were not available for more recent years when recommendations were prepared. More recent data may be obtained from the CHE by LFA and OBPP staff when legislative and regent action require such information. Where possible, current level data and FY92 actual expenditure data has been used.



## POLICY INITIATIVE A

Restructure the administration to place central authority with one MUS president, located on a system campus, preferably at Bozeman.

*Structure does not reflect mission or sound governance*

**PROBLEM A:** The present structure of the MUS is incoherent. It does not reflect the MUS mission or goals and does not lend itself to sound principles of governance or accountability. This incoherence of structure carries a large, insupportable price tag for its inefficiencies. Scattered campuses compete for students and state dollars. Several campus presidents and a commissioner compete for a limited budget and limited facilities. The question of how the MUS is to fulfill its mission to Montana of higher education, economic development, public outreach and social improvement goes largely unanswered.

*Costly to taxpayers and unjustifiable to students*

Politicization among positions and campuses erodes planned cooperative efforts. Scattered governance is costly to taxpayers and unjustifiable to students and legislators. The entire student population of Montana higher education is less than the population at many other single institutions, and yet Montana supports multiple presidencies and multiple administrative offices. For example, Arizona State has one presidency to serve a student body of more than 32,000 students.

*Average cost of instruction higher than necessary*

The Montana scattered administrative structure for higher education means that the average instructional cost per student in Montana is higher than necessary.

*Create the Office of MUS President for cohesion and cooperation*

**RECOMMENDATION A:** Create the office of Montana University System president to serve as the chief executive officer for the entire MUS and to provide for cohesion and cooperation among the units. Centralized, comprehensive oversight through a unified MUS, by binding campuses together under a



***Consolidate recruitment,  
payroll, insurance and fiscal  
affairs***

common executive officer is a critical action for future system success. It is recognized that many functions must be carried out on individual campuses. The Board of Regents should carefully examine other systems, such as that of Wisconsin, to determine the best working structure for higher education functions in Montana. Student recruitment, payroll functions, insurance matters and fiscal affairs would be managed on the selected campus. Individual development functions would remain on each campus, funded entirely by development funds. The regents would offer this position for nominations on an international basis.

***Bozeman campus  
recommended***

The Bozeman campus is recommended as best suited for the permanent seat of the MUS president. The facility is centrally located and easily accessible from all part of the state, it is the primary campus for research in a large number of technological areas, and has the most suitable physical plant. However, the regents may, after reviewing options available, choose to locate the MUS presidency on another of the system campuses.

***Board of Regents to reorganize  
structure***

**ACTION A:** The Board of Regents must adopt the necessary resolutions to affect a reorganization of the structure of the Montana University System and to create the office of president of the MUS, located on one of the system campuses.

**FISCAL IMPACT A:** Anticipated annual savings during implementation of the above action: none.

## POLICY INITIATIVE B

Eliminate the office of Commissioner of Higher Education, and vest this authority and responsibility with the president of MUS.

*Costly duplication of services  
and effort*

*Unnecessary with uniform  
recording, reporting and  
procedures*

*Phase out by end of FY97*

*Board of Regents to adopt plan*

*Consolidate functions at  
one campus*

**PROBLEM B:** The office of commissioner of higher education is a costly duplication of services and effort which could be better handled at a centralized office located on one of the MUS campuses. This office duplicates many functions which could be better performed on a central campus as is done in other states. All government interaction, campus oversight and regent communication could be handled from, for example, the Bozeman campus. With the introduction of comprehensive reform to implement uniform recording, reporting and procedural practices in record keeping, accounting and fiscal and credit hour matters, a significant portion of the work performed in the CHE office- that of translating diverse documents to standardized formats to create uniform reports and of providing oversight--would be eliminated. Further, with the changes recommended in funding and structure, the need to provide continual lobbying efforts in Helena for the MUS would be eliminated. Remaining CHE functions could be performed on the Bozeman campus, under the direction of the MUS president.

**RECOMMENDATION B:** Eliminate the office of commissioner of higher education, and transfer functions to the MUS president at the campus of Montana State University. Closure and transfer of functions should be accomplished not later than the end of FY97. Personnel in the Helena offices should be given first option on filling commensurate positions at campuses within the MUS. Care should be exercised to realize significant reductions in employment commitments through natural attrition during the transition period.

**ACTION B:** The Board of Regents must adopt the necessary resolutions to affect a reorganization of the structure of the Montana University System. The regents must adopt resolutions and direct the commissioner to affect the transition, working in concert with the new president of the MUS. The regents must identify the sequence and steps most efficacious to implement the transition.

**FISCAL IMPACT B:** The actual administrative budget of the CHE (personal services plus operations plus capital) was \$1,233,583 in FY92. The Board of Regents actual administrative budget was \$34,232 for FY92. Assuming a marginal transfer of functions, as restructuring absorbs many functions or eliminates the need for them, and the addition of the annual salary for the president of the MUS and administrative staff, many of whom could be drawn from the staff of the current

***Savings and offsetting  
increases over four years***

MSU presidency, and continuation of the regents administrative needs, the savings to the general fund would be significant. Because some functions which must be absorbed by the MSU campus would require additional staff and operations funds, the offsetting adjustments are reflected below in the computations of the actual savings brought about by implementation of this initiative. It is assumed the regents would allocate budget reductions as equally as possible over a four-year transition period, during which time the offices would be closed and functions transferred. General fund savings would be as follows for FY94 and FY95:

***Net general fund savings:  
\$250,000 in FY94 \$400,000  
in FY95***

	<b>Pers. Ser.</b>	<b>Oper.</b>	<b>Capital</b>	<b>Total</b>
CHE FY92 Actual*:	\$882,813	\$304,154	\$46,616	\$1,233,583
FY94 CHE Reduction:	(252,000)	(87,500)	(10,500)	(350,000)
FY94 MSU Increase:	70,000	25,000	5,000	100,000
<b>FY94 MUS Reduction:</b>	<b>(182,000)</b>	<b>(62,500)</b>	<b>( 5,500)</b>	<b>(250,000)</b>
FY95 CHE Reduction:	(396,000)	(137,500)	(16,500)	(550,000)
FY95 MSU Increase:	110,500	33,500	6,000	150,000
<b>FY95 MUS Reduction:</b>	<b>(285,500)</b>	<b>(104,000)</b>	<b>( 10,500)</b>	<b>(400,000)</b>

\*From: Schedule 14, Montana University System Operating Budgets 1992-93, Regents Item 77-001-R0992, September 14, 1992. Office of the Commissioner of Higher Education, Helena, Montana.



## POLICY INITIATIVE C

Eliminate presidencies at all campuses of the MUS, with the exception of the MUS president. Provosts will head other campuses.

*MUS is not large enough to require or support six presidents*

**PROBLEM C:** MUS campus presidents vie with each other for appropriated dollars, for students, and for recognition. The MUS system is not large enough to support this competition or these positions. Efforts in planning, curriculum development, national and state competition for students, and for many kinds of funding, are diluted through many small efforts rather than maximized through one central and concerted effort. Multiple campus administrations duplicating efforts for relatively small student populations waste taxpayers dollars and MUS administrative talents and efforts. Intrastate competition for students through offering a local duplication of MUS programs is counterproductive to providing quality, focused programs.

*Replace with campus provost/academic vice president*

**RECOMMENDATION C:** Replace the office of president with a campus provost, who will serve as academic vice president and report to the MUS president. If the recommendation in policy initiative A were adopted, the MUS president also would serve as the chief administrative officer at MSU; therefore, MSU would not have a provost. This policy change would come as attrition-caused vacancies occur. All presidential positions not so vacated would expire at the close of FY97. Western Montana College of the University of Montana already has implemented such a change.

*Emphasize specialty programs at each campus*

Provosts should be selected to reinforce specialty programs at respective campuses. For instance, the provost for Tech would most probably be a mineral science or mining engineer. For Eastern, an education academician might best serve as provost. Centralization of academic oversight, coupled with appropriate rewards for excellence and program diversification, can best be accomplished through oversight by one central president. Once centralization is completed, campuses could be encouraged to diversify programs, and to develop specialized curricula beyond the required universal core curriculum previously mentioned.

*Board of Regents transfer administration to one President*

**ACTION C:** The Board of Regents would adopt the necessary resolutions to affect a reorganization of the MUS structure to eliminate the office of president on those campuses where such an office remains. Administrative authority would be transferred to the office of the president of MUS.

**FISCAL IMPACT C:** Savings during transition, as presidents are retired or vacancies not filled: Approximately \$400,000 per annum. This amount assumes that as presidents retire or relocate, and their offices and staff and budgets are eliminated, as well as the concomitant costs of travel,

*Ultimate general fund savings:  
\$1.55 million per year*

recruitment trips, conferences and fringe benefits, the positions so vacated will revert entire budget amounts to the central regents' general fund pool (as offices are closed). Provisions would be made for an increase in the staff of the seated campus provost as he or she assumes some additional administrative duties. Again, economy and efficiency would be the guiding principles in any budgetary increases or transfers. Savings when transition is completed, and provosts are seated at all campuses: \$1,550,000 per annum. These are MINIMUM estimates, assuming low levels of efficiency and economy.

*Transition over four years*

Estimates of savings on an annual basis are difficult to determine: all campuses will not reduce administrative levels of expenditure on an equal basis, and some presidents will leave before others. However, for purposes of forecasting the annualized savings, the anticipated reduction to general fund expenditures has been pro-rated across all six campuses. The centralization of such efforts as student recruitment, registration, collective bargaining, fiscal management and budgetary review and supervision of academic affairs would each reduce the campus budgets by substantial amounts. The prororation is based on actual FY92 expenditures for Institutional Support, applied as a ratio of total expenditures in this program.

*General fund savings:  
\$400,000 in FY94  
\$800,000 in FY95*

**INSTITUTIONAL SUPPORT**

Campus	Actual FY92 Expenditure*	FY94 Savings	FY95 Savings
EMC	\$2,068,966	(\$60,000)	(\$120,000)
TECH	848,217	(24,000)	(48,000)
MSU	4,686,029	(135,000)	(270,000)
NMC	1,180,526	(34,000)	(68,000)
UM	4,404,467	(126,000)	(252,000)
WMCUM	734,077	(21,000)	(42,000)
<b>TOTALS:</b>	<b>\$13,922,282</b>	<b>(\$400,000)</b>	<b>(\$800,000)</b>

\* From: Schedule 13, Montana University System Operating Budgets 1992-93, Regents Item 77-001-R0992, September 14, 1992. Office of the Commissioner of Higher Education, Helena, Montana.



## POLICY INITIATIVE D

Consolidate the Pharmacy and Nursing Programs on the Bozeman campus to form the nucleus of a Medical Arts School.

*Fragmentation on different campuses*

*Not responsive to health care growth industry*

*Move Pharmacy to Bozeman by end of FY98*

*Enhance WAMI and related programs*

*Create a Medical Arts School*

*Incentive funding for excellence*

**PROBLEM D:** The Pharmacy Program and Nursing Program cannot take proper advantage of mutual curricula and research benefits due to dispersion of programs among various campuses. Lack of shared administration increases costs for both programs. Parochialism provides a disincentive to develop further offerings within the rapidly-expanding medical arts field, which also affords in-state employment to virtually all system graduates. Our fragmented system is not responding to the fact that health care is a strong growth industry. Offering the central course of study and providing centralized administration located on one campus is vital to a balanced, cohesive and future-oriented program for both entities. Outreach could continue at other campuses.

**RECOMMENDATION D:** The Pharmacy Program in Missoula would be moved to Bozeman during the next six years to consolidate the Pharmacy and Nursing administration and faculty. This consolidation would make more effective use of faculty and facilities, and provide an intellectual atmosphere of cross-fertilization. This consolidation would be completed by the close of FY98. The nucleus of a Medical Arts School would be established with these programs. Bringing these medical arts students to one campus would enhance faculty effectiveness, and increase opportunities for research support and activities, through the larger faculty and student population at one location. Administration of related programs, such as WICHE, WAMI and Minnesota Rural Dentistry, would be managed by the new school. Such a nucleus Medical Arts facility could be the foundation for the future growth of more offerings in this area.

**ACTION D:** The Board of Regents would adopt the necessary resolutions to affect a consolidation of the Pharmacy and Nursing programs into the Medical Arts School of the MUS and allocate funds to ensure that the programs meet current accreditation standards and that graduate programs can respond to the increased demand. A commitment must be made toward program excellence. Incentive funding should be made available from the MUS budget to encourage research and to stimulate attraction of research funds. Incentives to faculty for formation of research coalitions should be offered. It is recommended that the regents act to provide contracts for those faculty and staff desiring to transfer to Bozeman. Care should be taken to use attrition as a means to eliminate commitment to employment whenever possible.



**FISCAL IMPACT D:** Savings to the general fund are based on administrative staff attrition as administrations of the two programs are combined, economy in use of space, combination of libraries, a slight reduction in faculty when telecommunications are used to maximum efficiency for course offerings, and higher levels of research funds to support programs. Further economies are expected to result from a reduction in associated costs such as fringe benefits, equipment for administration and from a reduction in recruitment costs resulting from combined programs.

Savings to the general fund are projected to be \$50,000 in FY94 and \$150,000 in FY95, summarized as follows:

Net general fund savings:  
\$50,000 in FY94 \$150,000 in  
FY95

INSTRUCTION AND ACADEMIC SUPPORT

Campus	FY92 Actuals*	FY94 Savings	FY95 Savings
EMC	\$7,039,463	(\$25,000)	(\$50,000)
MSU	36,474,318	100,000	150,000
UM	31,649,591	(125,000)	(250,000)
TOTALS	\$75,163,372	(\$50,000)	(\$150,000)

\*From: Schedule 13, Montana University System Operating Budgets 1992-93, Regents Item 77-001-R0992, September 14, 1992. Office of the Commissioner of Higher Education, Helena, Montana.

## POLICY INITIATIVE E

Eliminate all graduate programs at Western, most graduate programs at Northern, and all graduate programs not related to the central mission at MCMST.

*Redundant graduate programs  
consume funds*

**PROBLEM E:** The high cost of redundant programs at campuses with small student populations consumes funds that could be more effectively used to support larger, more comprehensive programs. The graduate programs at Eastern, at MSU and at UM are sufficient to provide course availability for continuing education and graduate students. Duplication of other programs on remote individual campuses could be replaced largely with telecommunications offerings.

*Graduate programs at Eastern,  
MCMST, MSU and UM are  
sufficient*

**RECOMMENDATION E:** Graduate-level program offerings at Northern and Western would be eliminated, with the exception of the Industrial Arts Master at Northern. MCMST would retain any graduate program offerings relevant to its mission. Demand and access requirements, when objectively assessed to be a serious concern, would be met by installing system-wide telecommunications capabilities: classes could be broadcast from other campuses of the MUS, or from external sources.

*Complete by FY98*

The regents must initiate reduction of duplicated campus programs through evaluation of programs based on the focus of curriculum at each campus. This reduction should begin now. Faculty would be transferred and reduced through attrition over the next six years, so that by FY98 non-graduate program campuses can adjust the curriculum to maximize development of special, quality undergraduate programs. Telecommunications offerings would be well in place on all campuses and at a variety of remote locations. Remedial courses, now offered at all campuses, would be offered only at the four-year and two-year institutions as a "magnet" for students in need of these courses, thus providing relief for the university campuses from offering such courses.

*Offer remedial courses only at  
remaining two-year and four-  
year institutions*

Actions to provide unlimited telecommunications access will substantially increase student accessibility to a greater variety of educational offerings of the MUS, since students will no longer have any geographic barriers to program offerings.

*Move to a two-year junior  
college feeder system*

The regents should subsequently evaluate the benefits of redefining WMC as a two-year, junior college, feeder status campus. This change in status would be feasible once the MUS universal core curriculum allows for transfer of core credits to four-year institutions from junior colleges. This additional reshaping of the MUS should be conducted once the MUS restructuring is

completed, and the student population has been assessed. Using the two-year junior college feeder model has proven to be an effective and cost-efficient structure for many state higher education systems.

**ACTION E:** The Board of Regents must approve the necessary resolutions to affect a reorganization of the structure of the MUS, reallocate funds to ensure that the remaining programs are able to respond to the increased demand, and provide contracts for faculty and staff desiring to transfer to another unit. Telecommunications course offerings should be implemented immediately wherever possible. Care should be taken to use attrition as a means to eliminate commitment to employment whenever possible. The regents must determine a schedule for the elimination of programs and offerings that coincides with the present progress outlook for implementation of the telecommunications network throughout the state. All care must be given that decision-making is driven equally by quality education and economy of available funds.

**FISCAL IMPACT E:** Elimination of redundant programs and offerings as outlined above, and the reduction of duplicated offerings through installation of telecommunications at campuses and remote learning locations will result in substantial savings. Elimination of all graduate offerings at Western, the elimination of two graduate programs at Northern, and the phasing out of duplicated program offerings at all levels across the entire MUS system will reduce many costs. This elimination should result in savings to the general fund based on faculty reduction, administration staff and budget reductions, and reduction of the need for physical classroom space and overhead. The minimal estimates in the executive budget assume maximum commitment to educational quality and delivery, and minimal commitment to issues of economy and efficiency. Savings to the general fund are estimated at \$1,200,000 in FY94 and an additional \$1,600,000 in FY95.

The following undergraduate and graduate programs are cited as the basis for the general fund savings:

**BACHELOR'S DEGREE PROGRAMS**

Present Program Offering	Number Campuses	Number to Reduce or Combine	Estimated Savings
Accounting	3	2	\$150,000
Soc. Sci. Ed.	4	3	200,000
Nursing	2+	1+	50,000
Speech/Debate/For.	2	1	10,000
Philosophy	2	1	13,000
PolySci/Govt.	2	1	35,000
Drama.Arts.	2	1	27,000
English Ed.	3	2	55,000

*Board of Regents should reorganize system*

*Savings assume elimination of programs and a maximum commitment to quality*

*General fund savings:  
\$1.2 million in FY94  
\$400,000 in FY95*



Present Program Offering	Number Campuses	Number to Reduce or Combine	Estimated Savings
Ind. Arts. Ed.	3	2	52,000
Mathematics	3	2	65,000
Psychology	3	2	90,000
Economics	3	2	85,000
Sociology	3	2	70,000
Bus. Ed.	4	3	143,000
Music Ed.	5	4	122,000
Science Ed.	4	2	78,000
English	4	2	83,000
Multi/Interdisc.	5	4	118,000
Chemistry	4	2	90,000
History	4	3	110,000
Bus. Admin & Mgmt.	5	3	180,000
Elem. Education	5	3	130,000
Secondary Ed.	5	3	130,000
Physical Ed.	6	4	140,000

*Bachelor's Program Savings:*  
\$2.2 million

**Total Bachelor's Programs Savings:**

**\$2,226,000**

**MASTER'S DEGREE PROGRAMS**

Present Program Offering	Number Campuses	Number to Reduce or Combine	Estimated Savings
Wildlife Mgmt.	2	1	\$ 35,000
Physical Ed.	2	1	25,000
Psychology	2	1	30,000
Public Admin.	2	1	27,000
History	2	1	36,000
Student Counseling	3	2	47,000
Gen. Education	4	2	79,000
Elem. Ed.	5	3	44,000
Sec. Ed.	5	3	36,000

*Master's Program Savings:*  
\$359,000

**Total Master's Programs Savings:**

**\$ 359,000**

**DOCTORAL PROGRAMS**

Present Program Offering	Number Campuses	Number to Reduce or Combine	Estimated Savings
General Education	2	1	\$ 36,000

*Doctoral Program Savings:*  
\$36,000

**TOTAL SAVINGS:**

**\$2,621,000**

## POLICY INITIATIVE F

The regents shall participate in nationally-recognized training programs.

*Governance of MUS no easy task*

**PROBLEM F:** Governance of the Montana University System is no easy task. Coupled with the complexities of public higher education are the needs to understand management practices and to plan and implement long-range fiscal and curricular programs. Implementation of needed reforms often results in shockwaves felt throughout not only the MUS, but throughout the state.

*Increasingly complex issues  
The regents must take  
responsibility to set policy and  
manage the system*

Increasingly complex issues, coupled with the need for increasingly greater sets of information, and the demand for clear-cut responses and solutions to problems and to planning for the future, make the position of regent one of broad responsibility and deep commitment. As private citizens, the regents are not initially prepared to accept the responsibilities of office. Regents are appointees of the Governor and, for the most part, they are long accustomed to reviewing documents provided by legislators, fiscal analysts, budget office analysts and MUS personnel. It is easy to see how fiduciary responsibility could readily be passed to the career bureaucrats in Helena. But bureaucrats are not managers. The regents themselves must take responsibility to set policy and manage the system. The regents must be prepared to move forward to meet current and future needs with a restructured MUS.

*Gridlock exists among the  
regents, legislators and  
executive offices*

A psychological and political gridlock currently exists among the regents, legislators and executive offices. If the regents are to establish an enhanced dialogue, they must be trained to current state and national issues, understand and be able to articulate the issues in the context of Montana circumstances, and take responsibility to actively manage the MUS.

*Current members participate in  
training programs and new  
regents receive an orientation  
and reference materials*

If regents abdicate responsibility, the legislature could enact initiatives for referenda to amend the Constitution to restore oversight to the legislature and an executive branch Department of Education. Regents must bear ultimate responsibility for the proper mission, scope and structure of the MUS. They also bear the responsibility for ensuring that state funds are utilized in the best manner.

**RECOMMENDATION F:** Current members of the Board of Regents participate in training programs and new regents, prior to appointment, receive an orientation and reference materials, all of which will be directed towards defining regent responsibilities and providing general and introductory information on mission, scope and structure, as well as on governance, funding and accountability

*Some states require training before nominees can be seated*

*In-house training should be avoided*

principles, and issues of higher education. Some states, such as Oklahoma, require such training before nominees can be seated on governing bodies.

That the Board of Regents participate in seminars and programs which focus on detailed problems of and solutions to higher education issues on a state, regional, national and international scale. Such training programs are available in some other states and through several educational consultants. In-house training should be avoided.

**ACTION F:** The Strategic Planning Commission for Higher Education shall identify training programs currently in use for regents in other states. The committee shall, within three months, provide recommendations on suitable programs, materials and consultants or organizations. Within eight months, the selected training program shall be in place.

*General fund cost \$24,000 in FY94 \$40,000 in FY95*

**FISCAL IMPACT F:** General fund cost is budgeted at \$24,000 in FY94 and \$40,000 in FY95 to provide training for regents and appointees. Future costs are estimated at \$40,000 per year and it is projected that current level MUS resources could be used. Long-term benefits resulting from a more fully-informed board, better able to manage the MUS and its fiscal affairs, could result in much as several million dollars savings per year.

**INCREASES FOR PROGRAM**

	FY92 Actual*	FY94	FY95
Regents	\$ 34,232	\$24,000	\$40,000

\*From: Schedule 13, Montana University System Operating Budgets 1992-93, Regents Item 77-001-R0992, September 14, 1992. Office of the Commissioner of Higher Education, Helena, Montana.



## POLICY INITIATIVE G

The Board of Regents shall institute competitive contracting and encourage other cost-saving programs.

*Montana spends more on student support than other states*

*Implement options to delivery of services and goods*

*Competitive contracting could reduce costs 10% to 40%*

*Maintenance... grounds care... registration...*

*Accountability to customers*

**PROBLEM G:** The cost of per-student support and administrative services continues to climb, while students, faculty and staff complain of decreased services and options. Student services costs and general administrative overhead at all campuses tend to be high. Compared to like systems and institutions, Montana higher education system spends more on student support than others spend in this category.

With a national trend toward providing more options to better meet the needs of students, as well as the need to improve services for staff and faculty, Montana must join other states in implementing options to delivery of services and goods within the higher education system. Other states which have initiated successful incentives to implement savings through competitive contracting and greater management flexibility include: Wisconsin university system, Wisconsin vocational technical system, Texas vocational and community college system, Vermont educational system, New York State educational system, Tennessee and Kentucky higher educational systems and the Iowa educational system.

**RECOMMENDATION G:** Competitive contracting has become a recognized method of reducing costs while improving services. Overall, recent studies have shown savings of from 10% to 40% when competitive contracting was introduced: these savings were often the result of removing restrictions, such as cumbersome paperwork, rigid hiring and work practices, and purchasing controls that limited innovation from within delivery entities.

Maintenance, grounds care, decorating, printing, provision of health services, and even managing registration and admissions could be contracted to existing campus, local, national or international firms specializing in such areas. Strict guidelines of performance and accountability should be fully defined for all participants.

Surveys of the customers--students, faculty and staff--should be instituted to enhance performance and accountability. Local firms should be used wherever possible, but contract award should be based on merit and bid rather than parochialism. Merit must be based on providing optimal satisfaction to the customer coupled with economy and efficiency of performance.

*Not a reduction  
in services, but  
sound management*

Resident staff in services that are being let for bid should be given options to transfer to other campus services, or to be hired for not less than two years by the contracting firm. Staff with merit and of commensurate worth should have no trouble with employment. Departments or offices can be phased out over two or three year time spans. This change to competitive contracting and higher levels of efficiency is not to be a reduction in services, but rather a realization of sound management practices.

*Incentives and  
bonuses for  
entrepreneurial  
actions*

**ACTION G:** The regents should instruct the MUS president to adopt the use of competitive contracting. Incentives and bonuses must be offered for entrepreneurial actions which result in significant savings and increases in efficiency within the MUS. This change in management practices is an optimal way to reduce campus costs and enhance delivery of services and goods wherever possible.

*Conservative  
savings estimates  
at 3% and 4%*

**FISCAL IMPACT G:** The following are conservative estimates of savings which could be realized using the current budgeted amounts in the areas of Support and Plant funding as the basis of computations. FY92 actual expenditures were used as the basis to determine the potential impact of encouragement of savings through competitive contracting and entrepreneurial actions, and based as well on a gradual realization of the rewards of such encouragement. The following percentages of savings have been assigned on an annual basis as computed below.

*Unrestricted  
funds only*

These estimates ignore all MUS areas of funding other than the Six University Units Academic and Institutional Support and Operations and Plant expenditures from **unrestricted** funds; obviously, there is room for additional savings in other areas. FY92 actual expenditures and anticipated savings are as follows:

*Institutional  
and academic  
support savings:  
\$905,600 in FY94  
\$1.2 million in FY95*

**ACTUALS AND SAVINGS FOR UNIVERSITY UNITS**

<u>Campus</u>	<u>Actual FY92**</u>	<u>Savings FY 94</u> <u>@3%</u>	<u>Savings FY95</u> <u>@4%</u>
<b>Institutional and Academic Support</b>			
EMC	\$4,255,948	\$127,700	\$170,200
TECH	1,659,561	49,800	66,400
MSU	10,921,139	327,600	436,800
NMC	1,931,992	58,000	77,300
UM	10,383,849	311,500	415,400
WMCUM	1,034,526	31,000	41,400
<b>TOTAL</b>	<b>\$30,187,015</b>	<b>\$905,600</b>	<b>\$1,207,500</b>

Operations and  
plant savings:  
\$537,500 in FY94  
\$716,600 in FY95

Total:  
\$1.4 million in FY94  
\$1.9 million in FY95

<u>Campus</u>	<u>Actual FY92**</u>	<u>Savings FY 94</u> <u>@3%</u>	<u>Savings FY95</u> <u>@4%</u>
<b>Operations and Plant</b>			
EMC	\$2,076,013	62,300	83,000
TECH	\$1,713,798	51,400	68,600
MSU	6,232,374	187,000	249,300
NMC	1,231,362	37,000	49,300
UM	5,921,825	177,700	236,900
WMCUM	738,113	22,100	29,500
<b>TOTAL</b>	<b>\$17,913,485</b>	<b>\$537,500</b>	<b>\$716,600</b>
<b>TOTAL SAVINGS FY94 &amp; FY95:</b>		<b>\$1,443,100</b>	<b>\$1,924,100</b>

\*\* From: Schedule 13, Montana University System Operating Budgets 1992-93, Regent Item 77-001-R0992, September 14, 1992. Office of the Commissioner of Higher Education, Helena, Montana.



## POLICY INITIATIVE H

The Board of Regents commission a comprehensive space utilization study consistent with restructuring of the MUS.

*Downsizing and  
use of  
telecommunications  
reduce need for  
classroom space*

**PROBLEM H:** There is significant deterioration and demand for use of the physical plants on many campuses. With budget dollars stretched to meet the demands of an over-enrolled system, plant maintenance has been deferred and there is inadequate revenue to operate new facilities.

**RECOMMENDATION H:** Due to both the downsizing of the student population and the use of telecommunications and remote access of educational offerings, the need for new construction of classroom space becomes less critical. Likewise, campuses need to ensure optimum use is made of all available space before consideration of new construction.

*New construction  
must be  
justified*

New construction should be justified against the most strict of criteria regarding space needs and alternative space utilization. Extreme caution should be exercised in making decisions which commit the MUS and the state to long-range overhead costs associated with new construction. It is recommended the MUS encourage more private donations to fund construction and to sponsor overhead costs associated with new and existing structures.

*Contract for  
space utilization  
study based  
on structuring*

**ACTION H:** The regents would adopt a resolution to contract for a space utilization study with all future capital construction deferred until: (a) The restructuring of the MUS is completed, and campus program offerings and campus populations have been defined; (b) the assessment of current available space, its use, and its prospects for future use, as well as maintenance and repair or renovations costs, has been scrupulously completed by external, professional experts in the field of space utilization and planning; and (c) the regents have completed a long-range assessment of space needs, based on both internal and external changes. This assessment should be an integral part of the long-range planning process. Demographic projections and program commitments should be taken into serious consideration in this management process.

*Long-range  
planning*

*No change to  
current plans  
or budget*

**FISCAL IMPACT H:** Two currently-approved MUS buildings would be completed with the general obligation bonded debt payments as projected; the Honors College at University of Montana may be authorized by the 1992 Legislature, depending of future operating and maintenance funding considerations. Any additional new construction would be placed in a "freeze" category. This recommendation carries no fiscal impact. It is assumed current resources would be used for the space study.

## POLICY INITIATIVE I

The Board of Regents direct the MUS to immediately implement uniform systems of accountability and reporting in all areas of the MUS.

*System-wide accountability lacking due to diverse systems*

**PROBLEM I:** System-wide accountability for fiscal affairs, educational activities and general reporting has been lacking in the MUS due to diverse systems for recording and reporting information.

*Nearly impossible to obtain meaningful, comprehensive documentation*

One of the greatest challenges facing the MUS and the regents is to agree on and implement a uniform, standardized methodology and reporting system for the MUS. With many campuses operating under diverse leadership, and conducting independent record-keeping and financial accounting, it is nearly impossible to obtain meaningful, comprehensive documentation in response to the most elementary of inquiries.

Not only have these diverse methodologies and measurements made for difficulties in presenting information to the legislature and executive offices, they have made sharing information among campuses difficult as well.

*Introduce uniform standards and practices in accounting, recording and reporting for all campuses*

**RECOMMENDATION I:** The MUS must move immediately to introduce uniform standards and practices and procedures in all areas of accounting, recording and reporting for all campuses under the aegis of the MUS.

*Savings are offset by implementation costs over first five years*

**ACTION I:** The regents direct the commissioner and the MUS president to immediately and vigorously implement and enforce uniform accounting, charts of accounts, accounting practices, audit practices, policies and procedures, reporting formats and reporting terminology.

**FISCAL IMPACT I:** No discernible savings: savings are offset by implementation costs over first five years. Future savings are difficult to compute.

## POLICY INITIATIVE J

Limit enrollment of resident students to a state-population based ratio.

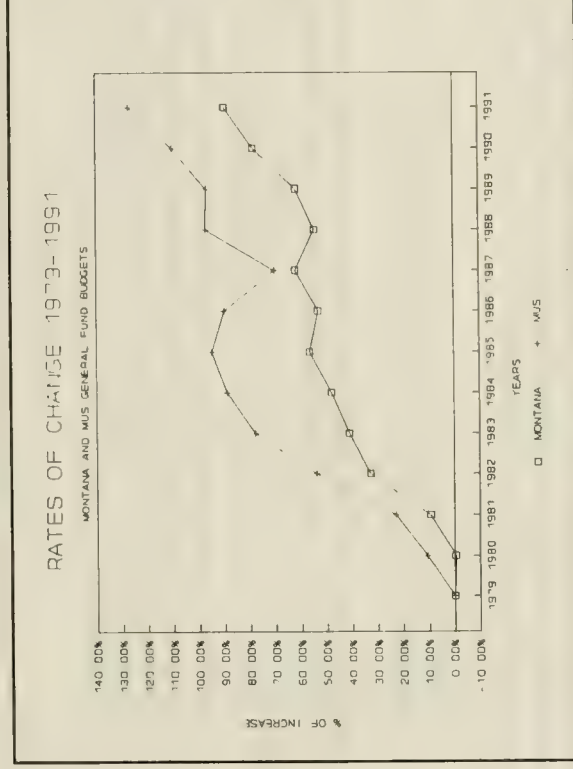
*Higher education  
is big business*

*MUS received \$18,729,024  
more state funds  
in FY91*

*MUS receiving more  
than other agencies*

**PROBLEM J:** Higher education is big business. It also is a growth industry. In Montana, between 1979 and 1991, the MUS increased its share of state funds from 20.5% to 24.6%. That 4.1% increase meant that, from available state general fund in FY91, MUS received \$18,728,024 more than if its share had been constant. That sum is equal to the average annual wages earned by 1,050 Montana workers.

The following chart shows the cumulative increases in general fund budgets for the state of Montana and the MUS since 1979, and the differences in the rate of increase in respective general fund budgets.



The above chart illustrates the cumulative growth in general fund budgets as a percent of change from the base year 1979.



*Paradox: each campus must enroll the maximum number of students and units compete against each other*

*Funding mechanisms must be redefined to avoid internal conflicts*

*More of Montana tax revenue is spent for higher education than across the nation*

*Unity and funding based on population will provide fiscal stability*

*Particular problem is the inability of students to complete their degrees in the standard four-years*

*Funding a single entity--MUS Must ensure fairness in use of state taxpayers' dollars and in opportunity for Montana students*

Present methods of computing funding for the MUS lock the system into a paradox: individual campuses are funded separately according to the number of FTE (full-time equivalent) students enrolled. To maximize funding, each campus must enroll the maximum number of students. This funding method means that the units are forced to compete against each other for every student, spending scarce resources on recruitment of nominally "captive" students in Montana.

To support needed changes, funding mechanisms must be redefined to avoid internal conflicts and to move toward quality outcomes from the system.

By every measure, Montana taxpayers make an extraordinary effort to pay for higher education. Beyond the high percentage of the state general fund devoted to higher education, the Montana taxpayer, a relatively modest wage earner, stands well above national averages in per capita support for higher education.

Compared to a national index of 100, Montana higher educational appropriation index is at 108: more of Montana tax revenue is spent for higher education than across the nation as a whole.

Diversity based on unity, coupled with funding based on population and outcomes, will provide the fiscal stability and the incentives necessary for the MUS to make much-needed changes within a stable budgetary environment. The structure of the system can be altered only hand-in-hand with changes in the funding mechanisms which hold the structure and the units in a lock-step of counting heads.

A particular problem of the MUS is the inability of students to complete their degrees in the standard four year period. Over enrollment, coupled with the need for careful tracking of course offerings and course enrollments, leaves many students frustrated by the unavailability of classes, particularly at the upper levels. While a re-commitment of faculty to offer more courses, encouraged by the campus provosts, will alleviate a part of this problem, there must be an incentive for the campuses to initiate the required changes.

**RECOMMENDATION J:** Provide a stable base budget and multiple opportunities for performance-based incentive increases. By funding a single entity--the Montana University System--competition for students would be reduced and the regents could exercise the opportunity to develop stronger programs which might require lower enrollment, and consolidate programs and faculty for higher benefit to students, thereby increasing economic efficiency for state taxpayers. Remedial courses could be eliminated at those campuses with the higher admission standards.

With the relatively low tax base and low level of personal income in Montana, and the relatively high ratio of students in higher education compared to the state population, funding the system has become a disproportionate burden on state taxpayers. A funding structure must be implemented which ensures fairness in use of state taxpayers' dollars and in opportunity for Montana students, while encouraging the MUS to implement quality, comprehensive MUS educational reform recommended elsewhere in this document.

*Recommend a fixed-FTE payment using 27 resident FTE per 1,000 of state population in line with national averages*

*Update every ten years*

*No additional state dollars would be appropriated for "extra" students*

*Incentive of 1% of additional funding for each 5% increase in students completing degrees within four years*

*Further incentives and competency-based programs*

*1.5% for telecommunications*

*Fund the six units on a "lump sum"*

*Legislation to provide funds for incentive rewards AFTER compliance*

*Future budgets based on legislatively-adopted fixed number of resident students*

*General fund savings:  
\$1.34 in FY94  
\$1.35 million in FY95*

MUS enrollment must be limited. The "units of service" funding structure would enable the MUS to plan budgets more carefully, and would provide for better long-range planning. The basis of computation recommended is a fixed-FTE payment using 27 resident FTE per 1,000 of state population. At this resident FTE level, Montana will be well in line with national averages of resident students per 1,000 population, and should be able to provide a quality education to all qualified state students. This basis would be updated every ten years based on the national census.

MUS could, at the direction of the regents, choose to accept additional resident students and subsidize their cost, but only through reduced expenditure per student. While MUS would have the tuition funds to spend, *no additional state dollars would be appropriated for the cost of educating these "extra" students.*

A significant percentage of MUS students cannot complete degrees in four years, a symptom of the over-enrollment problem within the system. Up to 1% of additional funding, based on the biennial budget, for each 5% increase in the percentage of students completing their degrees within the four year time period, is recommended. Incentive programs in Tennessee can serve as models. Further incentives should be offered for competency-based programs (2%); achieving economies through telecommunication (1.5%); and other measures should be added as percentage plus budgetary incentives. Incentives for reaching goals in attracting additional research dollars could also be offered(1%). Controls and means testing can be defined further by legislative language.

**ACTION J:** The legislature should fund the six units of the MUS as a system on a "lump sum" basis. Funding must be so defined as to offer a stable funding base, and multiple levels of incentives which the MUS can meet through 100% compliance with incentive requirements. The legislature would enact enabling legislation to provide set-aside funds for incentive rewards for the MUS. Incentive funding should be made available AFTER compliance is completed, and not as a condition of gaining compliance. Good management practices and increasing efforts toward meeting incentive goals will result from this practice.

Future state budgets should recommend funding based on this legislatively-adopted fixed number of resident students among the six units, and, eventually, on a fixed number for the balance of the MUS.

#### **FISCAL IMPACT J: FIXED FTE LUMP SUM FUNDING:**

**FY94 general fund savings: \$1,337,004**  
**FY95 general fund savings: \$1,346,003**

As a result of funding based on 27 resident students per 1,000 of state population for the MUS six units, savings to the general fund will be \$1,337,004 in FY94 and \$1,346,003 in FY95. This savings will result from a funded FTE resident students of 21,573 for the MUS six campuses. State allocations at current level are \$5,476 per FTE based on current operating budgets. Resident FTE students in FY93 were 21,879 in the six units. The resultant difference from a population-based reduction in enrollment would be 246 FTE. At an average state funded rate of \$5,476 per FTE, the resultant savings are as stated above.



## POLICY INITIATIVE K

Recognize curriculum-related fees from students as offset to general fund.

*Significant amounts  
of instruction fees  
not budgeted*

**PROBLEM K:** Significant amounts of curriculum-related fees are not accounted for as tuition or other revenue in computing the general fund allocation to the MUS. This oversight during the funding process denies credit to students for fees paid and understates the revenues collected.

**RECOMMENDATION K:** Recognize those fees paid by students which are directly related to courses. Such fees are listed in the fee schedules.

*Board of Regents  
to provide a  
full accounting*

**ACTION K:** The Board of Regents should provide a full accounting of all fees related to curriculum which are collected from students. A review of the fees and the accounts under which those fees are deposited emphasized the need for the immediate institution of a uniform system of accounting throughout the MUS: no two units of the six MUS units researched appear to follow the same accounting procedures for these fee monies. Hence, the estimates provided herein are at best rough approximations, since a more detailed approach would require careful audit of each individual campus and its unique record-keeping system.

*Legislature act  
to recognize  
these fees*

The legislature should act to recognize these fees and to include them as a part of the revenue picture for the MUS in an amount equal to the amount of these heretofore unrecognized revenues. Offsetting expenditures should be recognized to the extent that those expenditures are directly related to instructional costs.

*Labyrinth of  
accounting --  
best estimate*

**FISCAL IMPACT K:** Again, the estimates provided below are purely estimates, since no accurate figures could be determined due to the non-standard nature of both the classification and the accounts of deposit for the fees. In an attempt to determine approximate amounts, curriculum-related fees were identified for each of the six units, and those account numbers were traced through financial reports to determine total amounts of revenues. However, many accounts were "catch" accounts for several sorts of revenue: MSU, for instance, has an account called "Miscellaneous Revenue and Sales" which holds fees as well as other forms of revenue, and totalled over \$8 million for FY92. Thus, there is no representation that the figures below are accurate, but they represent a best attempt to provide information from a labyrinth of accounting practices.



Estimated Revenues Collected by Unit in FY92 from Curriculum-Related Student Fees

<u>Campus</u>		
Eastern:	Account # 33309	\$48,265
	Account # 33316	54,454
	Account # 33328	12,178
MCMST:	Account # 33503	37,671
MSU:	Account # 33214	8,019,976
NMC:	Account # 33406	48,855
	Account # 33406	2,962
UM:	Account # 33160	283,963
	Account # 33190	859,418
	Account # 34142	482,605
WMCUM:	Account # 33603	31,171
	<b>TOTAL Revenue from Accounts:</b>	<b>\$9,881,518</b>

If it is assumed that the MSU account is one-third fees and discount the remainder, then the revenue total for all six units from curriculum-related fees is \$4,532,194.

Due to the lack of coherency in accounting for curriculum-related fees, no fiscal determination could be made of the actual revenue collected in this category. There may be a significant fiscal impact to be recognized in margins between fees collected and related expenditures. For a full accounting of curriculum-related fees and the offsetting expenditures, the legislature will have to request detailed accounting reports on both revenue and expenses. For purposes of this initiative, the impact on the general fund is recommended to be:

<b>Savings for FY94:</b>	<b>\$100,000</b>
<b>Savings for FY95:</b>	<b>\$150,000</b>

*Curriculum related fees for labs and other courses estimated at \$4.5 million per year*

*Minimal impact of \$100,000 in FY94 and \$150,000 in FY95 budgeted due to lack of accounting*

## POLICY INITIATIVE L

Offset general fund with indirect cost recovery revenue.

*No recognition of indirect cost recovery*

*No other agency treated so generously*

*Revenue for utilities, libraries, and overhead received, but general fund appropriated too*

*Allow MUS to keep 50% of all indirect cost recovery revenue*

*General fund savings:  
\$2.5 million per year*

**PROBLEM L:** There is no recognition of revenue from indirect cost recovery in the six units to offset general fund dollars. This practice results in replacement of indirect dollars with general fund dollars. No other agencies of state government are treated so generously.

**RECOMMENDATION L:** Recognize indirect cost recovery revenue as a legitimate offset against general fund appropriation amounts. Whenever a college or experiment station of the university system accepts a federal government research grant, they are allowed to charge an indirect cost for administrative overhead, accounting, utilities, library expenses, etc. Through FY87, each unit of the system was allowed to retain 15% of these indirect costs in their unappropriated accounts as an incentive to obtain more grants. In FY91, the legislature replaced all of the indirect cost revenues with \$5 million general fund. That revenue continues to be received by the system, but general fund is appropriated to pay for the utilities and libraries and other essential overhead of the MUS.

**ACTION L:** The regents should provide current information on indirect revenues, and the legislature should restore recognition of that revenue to the budgeting process, and offset general fund on a dollar-for-dollar basis for 50% of the indirect revenues received by the units.

**FISCAL IMPACT L:** Annual savings to the general fund through recognition of the revenue from indirect cost recovery is based on the actual revenue reported for FY88 (1991 Biennium Budget Analysis, LFA, pp.76-77). Actual indirect cost recovery funds are anticipated to be approximately twice the amount cited for FY88, based on verbal reports from various campus presidents to committees and legislators. No accounting information is available on current revenue from this category.

Agency	Actual FY88
5103	\$562,698
5104	1,726,472
5105	73,196
5106	77,752
5107	8,474
5108	5,758
<b>TOTAL:</b>	<b>\$2,454,350</b>

If the actual FY88 amount is multiplied by two for growth, then the current indirect recovery would be \$4,908,700 per year.

**GENERAL FUND SAVINGS EACH YEAR: ESTIMATE \$2,500,000.**

## POLICY INITIATIVE M

Raise the percentage of educational costs met through tuition.

*Taxpayers bearing an increasing proportion of education costs*

**PROBLEM M:** Taxpayers of Montana have been bearing an increasing proportion of the educational costs of Montana residents who attend the MUS. The percent of educational costs paid by students falls well below the national average.

*The percent of costs paid by students falls well below the national average*

The following quote sums up the present dilemma: "In the mid-1950s, students and parents paid 50 to 60% of the costs of college; by the mid-80s, that had dropped to 30%, and states were picking up much of the difference, especially at public institutions." ("The College of Hard Times", Governing, September, 1991, pp. 28-33).

However, the national trend in funding higher education costs is to place more responsibility on the student and family. Montana has moved only nominally in this direction and lags behind.

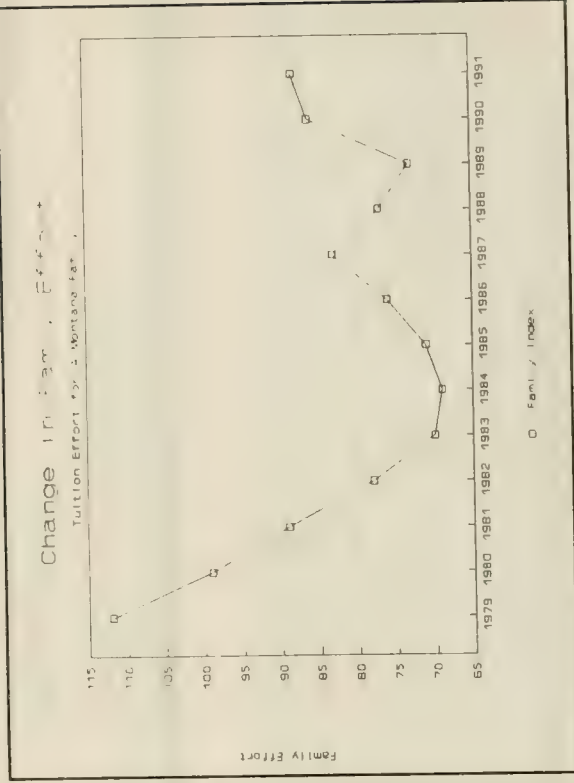
*Montana has a tuition index of 86 compared to a national index of 100*

Examining the tuition index, which ranks the effort of families and students in meeting the cost of education, Montana has an index of 86, compared to a national index of 100. When tuition is compared relative to student and family income, Montana ranks 42nd, at 8.5%. From 1978 to 1991, the index of family effort-- what a family or person has the ability to pay versus what they do pay--has declined as illustrated in the following table.

(Source: State Profiles: Financing Public Higher Education 1978 to 1991).



What a Montana family or person has the ability to pay vs. what they do pay has declined



Increase resident tuition to 30% of the cost of education  
General fund savings:  
\$6.1 million in FY94  
\$6.4 million in FY95

**FISCAL IMPACT M:** Increasing resident tuition to 30% of the cost of education and replacing general fund dollars with the tuition revenue has been computed as follows: 21,573 resident students (based on enrollment tied to state population in Policy Initiative J) paying tuition at 30% of the cost of education set at \$5,440 for FY94 and \$5,476 for FY95 based on current level analysis x 30% (.30) = \$1,632 FY94 and \$1,643 for FY95 average tuition to be paid by resident student. Resident tuition is \$1,348. Tuition difference is \$284 per student in FY94 and \$295 for FY95, which provides general fund replacement as follows:

FY94: \$284 difference x 21,573 FTE = \$6,124,476  
FY95: \$295 difference x 21,573 FTE = \$6,361,421

Secondary impacts on SRS and vocational rehabilitation agreements must be minimized. Available educational aid programs should offset a part of tuition increases for students and parents.

## POLICY INITIATIVE N

Charge non-resident students the full cost of their education.

*Non-resident students  
receive a bargain  
at the expense of  
Montana taxpayers*

**PROBLEM N:** Non-resident students receive a bargain education in Montana at the expense of resident students and the Montana taxpayer.

**RECOMMENDATION N:** With the policy that non-resident students are NOT subsidized by state taxpayers' dollars, and that they must be charged 105% of the cost of their education at MUS units, MUS will be able to recruit and enroll as many non-resident students as is feasible. Funding for non-resident students should be eliminated by FY95 through increases in non-resident tuition during the 1995 biennium.

*Charge 105% of  
the costs for  
administrative  
overhead*

**ACTION N:** The legislature should adopt the new funding method at its 1993 session, set limits on funded resident students, and eliminate all funding for non-resident students. Further, the regents should adopt a resolution requiring all campuses to charge non-resident students 105% of the cost of their education. Units should be allowed to keep all non-resident tuition, including the 5% surcharge collected for administrative overhead from non-resident students, on each individual campus.

*Legislature and  
regents to act*

**FISCAL IMPACT N:** Based on non resident FTE of 4,634 for each year of the biennium, and costs at \$5,712 and \$5,750, computed at 105% of cost, the savings will be:

*General fund  
savings:*

*\$3.4 million in FY94  
\$3.5 million in FY95*

General fund saved in FY94: **\$3,353,473**  
General fund saved in FY95: **\$3,531,621**

POLICY INITIATIVE O

Eliminate all tuition and fee waivers from general fund sources.

*Transfer fee  
waivers from general  
fund to foundation  
scholarships and  
other sources*

**PROBLEM O:** Fee waivers provided to students use up general fund dollars rather than special scholarship or foundation funds.

**RECOMMENDATION O:** Transfer fee waivers to other sources of funding, such as foundation scholarships and scholarships funded by the campus athletic associations. Fee waiver funds could be raised through implementation of a 5% surcharge on all tuition payments from resident and non-resident students.

*Regents to provide  
accounting*

**ACTION O:** The regents should provide a full accounting of the uses of general fund dollars for tuition and fee waivers. The legislature should rescind funding of all waivers from general fund dollars during the 1993 session.

*Legislature to  
act*

**FISCAL IMPACT O:** The annual savings to the general fund is based on actual FY92 expenditures as shown below.

**Scholarships and Fellowships by Campus**

<u>Campus</u>	<u>FY92 Actual**</u>	<u>FY94</u>	<u>FY95</u>
EMC	\$ 413,581	\$ 413,581	\$ 413,581
TECH	295,055	295,055	295,055
MSU	1,378,508	1,378,508	1,378,508
NMC	341,227	341,227	341,227
UM	1,257,290	1,257,290	1,257,290
WMCUM	<u>125,804</u>	<u>125,804</u>	<u>125,804</u>
<b>TOTAL</b>	<b>\$3,811,485</b>	<b>\$3,811,465</b>	<b>\$3,811,465</b>

*General fund  
savings:  
\$3.8 million in FY94  
\$3.8 million in FY95*

\*\*From: Schedule 14, Montana University System Operating Budgets 1992-93, Regents Item 77-001-R0992, September 14, 1992. Office of the Commissioner of Higher Education, Helena, Montana.



## POLICY INITIATIVE P

Implement competency-based education on all MUS campuses by 1997.

*Competency-based  
education needed  
for global and  
competitive markets*

*This was the first  
recommendation of  
the Commission for  
the Nineties and  
Beyond*

*Add an incentive  
of 2% per FTE  
student for  
implementation*

**PROBLEM P:** Montana students need competency-based education to empower them to compete in current global and highly competitive markets.

**RECOMMENDATION P:** Quality has that elusive attribute of being different things to different people. In education, quality might be best defined as the ability of the graduates of an educational system to compete successfully, to use the knowledge they have acquired with efficacy, and the facility of having a sense of certainty about the fund of knowledge they possess.

In publicly-supported schools, quality extends to areas of public service, economic development, cultural and educational outreach, and public accessibility. Interpreting quality to provide objective standards of measurement is fast becoming an international trend, as global competition and tighter budgets force systems to confront accountability coupled with parsimony.

The first recommendation of the Commission for the Nineties and Beyond was to implement a competency-based system of education throughout the MUS. In order for the MUS to achieve quality programs, there must be well-defined attributes by which to judge the successful results of the efforts: those results are the capabilities of the students who learn within the MUS.

Today, as never before, students are in need of the skills to think critically, problem solve using analysis and synthesis of facts, communicate ideas well both in writing and in speech, understand and be able to use various media, appreciate diverse cultures and the arts, and have a comprehensive understanding of their own history and the history of the human race. They need a global perspective, coupled with a strong sense of commitment to community and the world. Economic, political, religious and environmental issues, among others, must be reviewed from a perspective of critical awareness and understanding.

More importantly, curriculum must be tied to the demonstration not only of course content, but the ability to use that knowledge. Therefore, it is most strongly recommended that an incentive of 2% of the biennial budget per FTE student be offered for those campuses actively practicing competency-based education.

*Provide students  
with the BEST  
POSSIBLE EDUCATION*

*Board of Regents  
to implement and  
plan for  
incentives*

*No fiscal impact  
in 1995 biennium*

The times beg for leaders, for creative thinkers and doers, and for productive and contributing team members. To meet these needs, the MUS has a responsibility to institute a comprehensive program to provide its students with the BEST POSSIBLE EDUCATION THEY CAN OBTAIN--ANYWHERE.

**ACTION P:** The Board of Regents should adopt suitable resolutions directing the president of the MUS to implement competency-based education on all campuses by 1997. The legislature should prepare to provide incentive funding for completed, in-place competency-based programs. The regents should provide for a review process to ensure that competency-based education is truly integrated into, and emphasized along with, course content in all programs.

**FISCAL IMPACT P:** No fiscal impact is anticipated during the 1995 biennium, since the MUS will need time to implement competency-based programs at the campuses. Future funding is recommended at 2% of the ANNUAL budget of the MUS specific to campuses initiating and maintaining competency-based programs, detailed under the funding table.

## POLICY INITIATIVE Q

Reemphasize the role of Montana College of Mineral Science and Technology as a leading international school in its field.

*MCMST is an academic jewel with an international reputation*

*High potential for growth and recognition*

*Emphasize mission as unique entity*

*No fiscal impact*

**PROBLEM Q:** The MCMST basic program in specialized fields is being diluted.

**RECOMMENDATION Q:** One of the academic jewels in MUS is MCMST in Butte. With its international reputation and high standing in North America, MCMST has a proven track record in its field. Current international developments toward more environmentally-safe mining practices, and the resultant needs for well-trained professionals provide MCMST with a high potential for growth and international recognition during the next ten years.

Its role and mission as a school of mining and mineral science technology should be reemphasized, its admission standards raised, and its recruitment of international students increased. Curriculum not related to its central mission should be eliminated. MCMST should be encouraged to adopt as its mission becoming the BEST of its kind in the world, and maintaining that position. This campus, incidentally, is an ideal place to initially implement the competency-based curriculum which must eventually be implemented at all system campuses. (See Policy Initiative P)

**ACTION Q:** The regents should adopt suitable resolutions to reiterate and reinforce the mission and goals of MCMST as a unique entity in Montana higher education. The regents should direct the new president of the MUS to encourage and stimulate achievement of the mission and goals so resolved. The regents should undertake a feasibility study of increasing program emphasis on environmental studies at MCMST.

**FISCAL IMPACT Q:** Savings would be achieved through elimination of unaffiliated programs (eliminated under duplicated programs): \$150,000 per annum. Expenses associated with improvements to mission curriculum would be offset by reductions in unrelated program offerings. Therefore, there is no fiscal impact for this recommendation.



## POLICY INITIATIVE R

Create unique, quality programs on individual campuses, coupled with elimination of duplicated programs and universal accessibility through telecommunications.

*Increased demands for non-traditional programs*

*Define accessibility for Montana students*

*Once defined as physical proximity to three-dimensional classroom space*

*Through interactive telecommunications, educational opportunities to every citizen...high schools libraries*

**PROBLEM R:** The MUS has an increasing responsibility to non-traditional students, a growing segment of the student population here and across the nation. Growing demands for retraining, coupled with a rising awareness of the general benefits of higher education, have increased demands for non-traditional program delivery.

One of the most important issues which must be addressed in considering the structure of the MUS is how to define accessibility for Montana students. One part of this issue is how to define accessibility for non-traditional students, who may work days and need more evening classes.

Prior to World War II, access often meant taking the railroads to campuses, and for many years, MUS provided railroad ticket assistance for students. Poor road systems and an era of unsophisticated communications meant that learning could take place only on the campus: most students were resident, full-time, traditional students.

Accessibility, once defined as physical proximity to three-dimensional classroom space, has a new definition. Accessibility now means the ability to access educational opportunities through a variety of resources and media. Just as entertainment access no longer means living within distance of the theater because there is now cable, radio, video rental and other access methods and media, education access no longer means going to the campus.

While Montana has gained a sophisticated interstate system--not to mention airplanes and airports--and students can now reach any campus by automobile, the sentiment still exists that campuses must be accessible on a pre-World War II level. This is not the case.

Through interactive telecommunications and a variety of other media, the MUS can present educational opportunities to virtually every Montana citizen with a telephone or television, or within reach of a public facility where educational programming can be offered. New uses for high schools classrooms, library meeting rooms, community centers and church halls can be found in providing space for electronic classrooms.

*Eliminate programs duplicated on several campuses and provide access to courses through telecommunications and video*

*Offer universal core curriculum at all system campuses*

*Remedial courses should be taught only at two-year and four-year institutions. No remedial courses should be offered at either UM or MSU*

*Individual campuses "magnet programs" accountability for outcomes: students must be able to finish in four years*

*Plan for integration of tribal colleges*

**RECOMMENDATION R:** Eliminate programs duplicated on several campuses and provide access to courses through telecommunications and video. Encourage campuses to specialize in degree programs unique to one campus. Offer as many specialized courses as possible through electronic media presentations. Offer universal core curriculum at all system campuses, utilizing electronic presentations where possible. Implement night and weekend courses both on campuses and at remote locations, utilizing non-traditional faculty from the professional and business community whenever possible.

To enhance accessibility and eliminate duplicated programs, MUS should move immediately to develop and utilize telecommunications to deliver classes to system campuses, community and tribal colleges, and vocational-technical centers. Schoolrooms, libraries, town halls, community centers, and other public buildings can serve as learning centers for people unable to access electronic education at home, or who wish to share the interaction of a learning group. Duplicated courses should be eliminated.

Remedial courses should be taught only at two-year and four-year institutions. No remedial courses should be offered at either UM or MSU.

Classroom courses should be evaluated for telecommunications potential. The campus best able to deliver a quality, comprehensive, consistent and competency-based course of study within a particular discipline should be awarded the contract and recognition for that particular program.

This action would provide the smaller campuses with the opportunity to develop diverse programs, concentrate on quality, and be accountable for providing students with education and training which enable them to successfully compete. Development of individual campus "magnet programs" should be coupled with accountability for outcomes: students must be able to finish in four years, and be able to demonstrate competencies which will enable them to compete for jobs on an international level.

Those campuses wishing to offer courses which already exist within the system should tie in via telecommunications. Courses originating from one location should broadcast to several remote classrooms. More evening classes should be offered through video tape presentations and greater utilization of cable television broadcasting of classes under "college of the air" programs.

Elimination of duplicated programs, with remote learning locations, telecommunications, cable television, satellite, video, radio and mail course offerings which create an "open classroom", replacing the requirement of attendance in a classroom on a campus or personally before an instructor, answers the needs of not only non-traditional students, but the needs of more and more traditional students. Development of a plan for integration of tribal colleges into a minimum of the core curriculum should be undertaken immediately.

**ACTION R:** The regents should adopt suitable resolutions to affect the recommendations.



*Elimination of duplicated programs and telecommunications will raise tuition revenue and reduce faculty and staff costs and administrative overhead and facility maintenance*

*Conservatively savings of \$5,000,000. No savings in executive budget, take more than two years*

Elimination of duplicated programs across campuses, and opening of the system to a greater number of non-traditional students, will raise tuition revenue and reduce both faculty and staff costs, as well as administrative overhead and facility maintenance.

**FISCAL IMPACT R:** It is difficult to estimate the fiscal impact of such an innovative approach to offering education to the residents of Montana (as well as selling programs to surrounding states, and even Canada).

Conservatively, an estimated savings of \$5,000,000 annually is not unreasonable. No savings estimates are included in the recommended executive budget, since the purpose of this recommendation transcends fiscal considerations. A policy incentive funding recommendation of 1.5% is included in under the funding table presented earlier. It is anticipated that implementation of guidelines and achievement of specified goals will take more than two years.



# 5102-12 GUARANTEED STUDENT LOAN PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	38.45	36.45	36.45	13.00	49.45	52.45
Personal Services	924,160.34	967,152	1,016,962	301,179	1,318,141	1,391,131
Operating Expenses	1,233,777.52	1,504,288	824,973	1,107,684	1,932,657	1,991,325
Equipment	125,606.65	135,000	44,437	80,700	125,137	73,192
Total Agency Costs	<u>\$2,283,544.51</u>	<u>\$2,606,440</u>	<u>\$1,886,372</u>	<u>\$1,489,563</u>	<u>\$3,375,935</u>	<u>\$3,455,648</u>
Federal Special Revenue Fund	2,283,544.51	2,606,440	1,886,372	1,489,563	3,375,935	3,455,648
Total Funding Costs	<u>\$2,283,544.51</u>	<u>\$2,606,440</u>	<u>\$1,886,372</u>	<u>\$1,489,563</u>	<u>\$3,375,935</u>	<u>\$3,455,648</u>

**MODIFIED LEVEL SERVICES:** Stafford Student Loan Public Law 102-235, which reauthorized the Title IV, Part B federal student loan program, included a new program, the unsubsidized Stafford Student Loan Program, which must be administered by the guaranty agencies. This new program is intended to provide student loan assistance to middle-income families that do not qualify for need-based aid. Approximately 60% of the students attending Montana educational institutions will qualify for this new program. Creation of the unsubsidized loan program is expected to increase the annual loan volume guaranteed and administered by GSL by \$25,000,000 in FY94 and at least \$31,250,000 in FY95.

In addition, Public Law 102-235 placed an increased burden on guaranty agencies to monitor and review the operations of

institutions participating in the student loan program. Both the escrow disbursement service and the in-house collections units generate income for the agency. Increasing the service that GSL provides in these areas is to the agency's fiscal benefit.

These two changes will require 9.00 FTE in FY94 and 3.00 FTE more in FY95, budgeted at \$219,051 in FY94 and \$289,215 in FY95, together with related operating expenses and equipment. The total is \$772,567 in FY94 and \$797,436 in FY95.

Budget Amendments Two FY93 budget amendments are continued with 4.00 FTE each year, plus related operating expenses, for total federal special revenue of \$766,996 in FY94 and \$767,080 in FY95.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Total	Fiscal Year 1995		Total
			Current Level	Mods/Policy		Current Level	Mods/Policy	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	11,800.00	9,084	11,800	0	11,800	11,800	0	11,800
Operating Expenses	22,432.29	21,151	21,721	24,000	45,721	22,224	40,000	62,224
<b>Total Agency Costs</b>	<b>\$34,232.29</b>	<b>\$30,235</b>	<b>\$33,521</b>	<b>\$24,000</b>	<b>\$57,521</b>	<b>\$34,024</b>	<b>\$40,000</b>	<b>\$74,024</b>
General Fund	34,232.29	30,235	33,521	24,000	57,521	34,024	40,000	74,024
<b>Total Funding Costs</b>	<b>\$34,232.29</b>	<b>\$30,235</b>	<b>\$33,521</b>	<b>\$24,000</b>	<b>\$57,521</b>	<b>\$34,024</b>	<b>\$40,000</b>	<b>\$74,024</b>

**CURRENT LEVEL SERVICES:** The Board of Regents current level operating budget.

budget changes are caused by inflation factors applied to their

## 5102-14 B OF R BOND PAYMENTS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Debt Service	706,255.00	698,153	682,110	0	578,758	0
Total Agency Costs	<u>\$706,255.00</u>	<u>\$698,153</u>	<u>\$682,110</u>	<u>\$0</u>	<u>\$578,758</u>	<u>\$0</u>
General Fund	706,255.00	698,153	682,110	0	578,758	0
Total Funding Costs	<u>\$706,255.00</u>	<u>\$698,153</u>	<u>\$682,110</u>	<u>\$0</u>	<u>\$578,758</u>	<u>\$0</u>

**CURRENT LEVEL SERVICES:** Board of Regents (BOR) bond payments are to retire the outstanding general obligation debt from local secondary school districts where the vocational-technical centers were located prior to state assumption of the postsecondary vocational technical centers and their bonded

indebtedness. In FY94 the total bond payments are \$682,110 for the Billings, Butte and Great Falls vocational- technical centers. The bonded debt for FY95 is \$578,758 for only Billings and Butte because the Great Falls debt will be retired after the FY94 payment.



5102-15 VOTECH CENTER ADMIN.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	1.80	1.80	1.80	.00	1.80	.00
Personal Services	89,191.22	80,875	98,980	0	99,258	0
Operating Expenses	5,415.61	20,000	5,327	0	5,303	0
Equipment	1,139.55	0	1,800	0	934	0
Total Agency Costs	\$95,746.38	\$100,875	\$106,107	\$0	\$105,495	\$0
General Fund	95,746.38	100,875	106,107	0	105,495	0
Total Funding Costs	\$95,746.38	\$100,875	\$106,107	\$0	\$105,495	\$0

**CURRENT LEVEL SERVICES:** Current level changes are reflected in personal services due to pay plan adjustments from FY92 to

FY94 for approximately a 9% increase over two years. Operating expenses remain nearly the same, as does equipment.

5102-16 MONTANA CAREER INFO SYSTEM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	2.00	.00	2.00
Personal Services	0.00	0	0	61,226	0	61,292
Operating Expenses	0.00	0	0	38,723	0	38,723
Total Agency Costs	\$0.00	\$0	\$0	\$99,949	\$0	\$100,015
Proprietary Fund	0.00	0	0	99,949	0	100,015
Total Funding Costs	\$0.00	\$0	\$0	\$99,949	\$0	\$100,015

**MODIFIED LEVEL SERVICES:** Montana Career Information System The Commissioner of Higher Education would like the Montana Career Information System (MCIS) to formally become part of the Montana University System, rather than part of the Oregon University System. The MCIS is a private program whose mission is to collect current labor market and educational data and develop it into useful career information with primary focus on state-based information. Information which is disseminated from the MCIS includes such topics as occupational descriptions, postsecondary school in Montana, financial aid and scholarships, and industry

descriptions. The material is available in a variety of formats including hard-disk systems, floppy diskettes, and manual systems.

MCIS is not currently accounted for as a state agency. The Commissioner of Higher Education proposes to record the new program as an enterprise fund within the Statewide Budgeting and Accounting System (SBAS). This modification adds 2.00 FTE for FY94 and FY95 at a cost of \$61,226 in FY94 and \$61,292 in FY95, plus related operating expenses. Proprietary funding will be from revenue received for the services provided.



## All University Units and Stations

### MONTANA UNIVERSITY SYSTEM - COLLEGES AND UNIVERSITIES

#### General Overview

The six colleges and university units of the Montana University System are the following units as provided in 20-25-201, MCA:

1. The University of Montana, located at Missoula;
2. Montana State University, located at Bozeman;
3. Montana College of Mineral Science and Technology, located at Butte;
4. Western Montana College of the University of Montana, located at Dillon;
5. Eastern Montana College, located at Billings; and
6. Northern Montana College, located at Havre.

Article X, Section 9 of the Montana Constitution vests government and control of the Montana University System in a Board of Regents of Higher Education, granting "...full power, responsibility and authority to supervise, coordinate, manage and control the Montana University System and...supervise and coordinate other public educational institutions assigned by law." The board consists of seven members appointed by the governor and confirmed by the senate. The Governor and the superintendent of public instruction are ex-officio non-voting members of the board.

Operations and budgets of the six university system units are composed of the following programs:

Instruction Programs provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The Instruction Programs fund faculty salaries and the services and operational costs of faculty support staff. Each unit has an Instruction Program.

Support Programs combine three subprograms used by all six university units: Academic Support, Student Services and Institutional Support.

Academic Support includes the retention, preservation of materials and the provision of services that directly assist the academic

functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and curriculum development.

Student Services activities include counseling and career guidance; helping students obtain financial aid; student admissions and records; and supplementary educational services.

Institutional Services relate to the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services and community relations.

Research Programs are conducted at the University of Montana, Montana State University, and Montana College of Mineral Science and Technology. Research encompasses studious inquiry and experimentation aimed at the discovery, interpretation, and practical application of facts, theories, and laws.

Public Service Programs provide non-instructional community services to groups outside the institution. Such activities include seminars, projects, and support of various organizations which provide community services. Eastern Montana College, Northern Montana College and the two universities have public service programs.

Plant Operations and Maintenance Programs cover activities related to service and maintenance of existing grounds and facilities used for educational and general purposes. Utility costs and maintenance of equipment are included in the budgets; deferred maintenance costs are not included.

Scholarships and Fellowships Programs reflect the amount of fee waivers budgeted for each of the six campuses and include only the financial assistance provided to students in the form of outright grants and trainee stipends awarded by and administered through the institution. The Board of Regents is empowered by law to waive certain resident and a percentage of non-resident tuition.

Current level budget recommendations

The 1995 biennium executive budget recommendation for the six units is derived using a combination of incremental and formula budgeting methods. The formula method is used in programs directly influenced by student enrollment; instruction, support and, Scholarships and Fellowships. Student enrollments in FY92 exceeded budgeted expectations at all units except Eastern Montana College. Table I illustrates enrollments for FY89 through FY92. The FY92 actual enrollment is used for formula calculations in the executive budget.

Incremental budgeting was used for the following programs: Operation and Maintenance of Physical Plant, Organized Research, and Public Service.

The current level 1995 biennium budgets for the units of the university system use FY92 as the base year. Reductions were made to FY92 appropriations in special legislative session when enrollments were known to have varied significantly from those used to determine initial FY92

appropriations. Because of this use of formula factors applied in the regular session are not appropriate to determine the current level budget. For this reason student/faculty ratios, scholarships and fellowships, and instructional support and support rates are rebased to the FY92 experienced level. This, in a sense, makes the executive current level for these programs an incremental budget.

University system incremental programs were budgeted in a manner consistent with executive branch agency budgets. Inflation factors were applied to selected budget items including utilities, state mainframe computer cost, postage, and other items.

Personal services calculations were based on RERS information on FTE and salaries paid in FY92. Adjustments were made in several instances due to inconsistent data presented in RERS information.

Instruction Program

The main components of the instruction program formula are:

- 1) FY92 fiscal year full-time equivalent (FYFTE) student enrollment
- 2) FY92 actual average instructional faculty salary adjusted for pay plan increases to FY94 and FY95
- 3) benefit rates
- 4) FY92 actual ratio of students to faculty
- 5) FY92 actual instructional support rate, and
- 6) inflation adjustments.

TABLE I  
FYFTE ENROLLMENTS

UNIT	Actual FY89	Actual FY90	Actual FY91	Actual FY92
UM	7,977	8,587	8,839	9,482
MSU	9,371	9,543	9,657	9,491
MCMST	1,546	1,499	1,612	1,694
EMC	3,287	3,354	3,408	3,139
NMC	1,548	1,581	1,571	1,673
WMC	954	877	915	974
TOTAL	24,683	25,441	26,002	26,453

The instructional support rate considers non-faculty salaries and benefits, supplies, materials, instructional equipment, etc., which are essential to classroom instruction. The formula components are unique to each campus. Current level instruction program recommendations are compared to FY92 actual expenditures without budget amendments and FY93 appropriated amounts in Table II.

The large difference between the allocation for FY93 and the budgeted amount primarily reflects the past practice of the units of initially budgeting costs in the instruction program then later moving them out of the instruction program into other programs, primarily support. The FY93 budget approved by the legislature for the colleges and universities is only \$4 million higher than the FY92 level.

Faculty Salaries and Benefits are determined by multiplying faculty FTE determined below times the academic year salaries and benefit rates for each unit. The salary rates are the FY92 actual rates adjusted to reflect pay plan increases in FY93.

Student/Faculty Ratios for academic year 1992 are calculated by dividing 1992 FYFTE students by the academic year FTE faculty paid from current unrestricted funds. Faculty added by budget amendment are excluded in this calculation. The faculty added by



budget amendment are included in a modified request. Actual faculty are those appearing on the year end RERS report identifying faculty FTE paid from current unrestricted funds in FY92. This student faculty ratio is used for FY94 and FY95 current level budget calculations.

Instruction Program Support is calculated by dividing actual expenditures for costs other than faculty salaries and benefits by FY92 FYFTE enrollment. Since actual

FY92 expenditures include amounts expended for the nursing expansion at MSU, the Great Falls campus of NMC, and accreditation needs at MSU, UM, EMC, and MCMST, no adjustment will be needed to continue these in the base. The rate for 1994 and 1995 is calculated by inflating the 1992 actual rate.

Since actual expenditures include additional funding authority included in the Instruction Programs for MSU and UM for special fee revenue (tuition surcharges) generated in specific high cost academic programs no adjustment is needed to continue these in the base.

## Support Program

The current level support rate is calculated by dividing actual expenditures for support in FY92 by FYFTE enrollment. Prior to dividing by FYFTE enrollment the expenditures for Insurance and Bonds and Warrant Writing Fees were adjusted. Since actual FY92 expenditures include amounts expended for the Great Falls campus of NMC, and accreditation needs at EMC, disability services at UM and EMC, RERS support

at all units, minimum wage adjustments at all units, library book expansions at all units and economic forecasting at UM, no adjustment will be needed to continue these in the base. The rates for FY94 and FY95 are calculated by inflating the 1992 actual rate. Current level support program recommendations are compared to FY92 actual expenditures without budget amendments and FY93 appropriated amounts in Table III.

TABLE II  
INSTRUCTION PROGRAM EXPENDITURES

UNIT	Actual FY92	Appropriated FY93	FY94	Current Level FY95
UM	\$23,865,672	\$26,371,162	\$24,550,737	\$24,567,696
MSU	29,917,571	31,120,111	30,352,190	30,586,579
MCMST	5,236,159	5,515,532	5,379,056	5,385,132
EMC	7,769,696	8,344,415	7,877,647	7,884,726
NMC	4,239,388	4,668,398	4,443,534	4,443,320
WMC	<u>2,521,788</u>	<u>2,660,142</u>	<u>2,571,249</u>	<u>2,574,322</u>
<b>TOTAL</b>	<b>\$73,550,274</b>	<b>\$78,679,760</b>	<b>\$75,394,413</b>	<b>\$75,441,774</b>

TABLE III  
SUPPORT PROGRAM EXPENDITURES

UNIT	Actual FY92	Appropriated FY93	FY94	Current Level FY95
UM	\$13,726,839	\$13,526,845	\$14,559,766	\$14,592,798
MSU	15,146,018	14,680,690	16,152,285	16,201,137
MCMST	3,054,049	2,893,518	3,249,478	3,218,600
EMC	5,980,045	5,140,338	6,360,461	6,331,363
NMC	2,973,536	2,827,167	3,110,790	3,074,974
WMC	<u>1,742,332</u>	<u>1,669,719</u>	<u>1,896,462</u>	<u>1,858,392</u>
<b>TOTAL</b>	<b>\$42,622,819</b>	<b>\$40,738,277</b>	<b>\$45,329,242</b>	<b>\$45,277,264</b>



Audit fees were excluded from actual FY92 expenditures in calculating the support rates. The amounts listed in Table IV are added to each of the respective units support program for the current unrestricted share of audit costs.

Regents Employee Reporting System (RERS) was established to maintain a

uniform personnel reporting system for the university system which will allow the legislative and executive branches to independently collect and verify budgets and expenditures relating to unit faculty and personnel. RERS information is reconciled with information contained on SBAS on a monthly basis. This information is used in the budget calculations for FY94 and FY95.

**Research**

Research programs are budgeted incrementally. The executive budget assumes continued funding at the FY93 appropriated level.

As part of its research activities, the University of Montana conducts travel research for the state which is funded by a statutory appropriation of 2.5% of 98% of the Montana accommodations tax. Accommodation tax revenues to the UM Research program are estimated at \$186,726 and \$192,338 for FY94 and FY95 respectively.

**Public Service**

The four public service programs are budgeted incrementally. The executive budget assumes continued funding at the FY93 appropriated level.

**Plant Operations and Maintenance**

The six plant programs were incrementally budgeted. The budgeted amounts reflect increases over the FY92 actual expenditures. For information regarding the differences between the recommended plant budget and the base budget, please refer to the unit narrative.

TABLE IV  
AUDIT FEES

Unit	Amount
UM	\$61,788
MSU	65,040
MCMST	49,512
EMC	60,488
NMC	45,854
WMCUM	50,732

**Revenues**

The current level executive budget includes recommendations for appropriations of general fund; federal revenue; and tuition, fees and revenues accounted for in the current unrestricted subfund described in 17-2-102(d)(i)(A), MCA. Table V summarizes current level revenues.

as provided in 20-25-421, MCA. The regents are also empowered to waive certain resident and a specified percentage of non-resident tuition.

Current level tuition and fee revenue presented in the executive budget recommendation and historically appropriated by the legislature does not include "special" program and course fees available to the six units but not accounted for in the current unrestricted fund. These special fees include fees for field trips and special requirements; fees related to field courses; fees for special classes; fees for extension classes and other fees accounted for in the Current Designated Fund. The inclusion of these fees is the subject of a policy initiative.

In the executive budget, anticipated tuition and fee revenues are based upon FY92 actual revenue per student adjusted to reflect tuition rates in effect in FY93.

Special tuition surcharges for high cost programs were added to UM and MSU projected tuition after calculation of regular tuition and revenue. MSU tuition and fee revenue is increased by \$85,000 per year for the architecture tuition surcharge. The UM tuition and fee revenue is increased by \$398,700 per year for the

These are calculated based upon FY92 actual expenditures. The percentage FY92 actual scholarships and fellowships were of FY92 tuition and fee revenues is applied to FY94 and FY95 projected tuition and fee revenues to calculate the current level scholarships and fellowships amount.

Tuition and Fee Revenues are prescribed by the Board of Regents. Tuition surcharges for pharmacy, law, and physical therapy. Since budgets are based on actual expenditures which include the use of these fees in FY92 the expenditures are carried forward into FY94 and 1995 as well.

Millage - The state is authorized to collect up to six mills on the taxable value of all real and personal property for the support, maintenance, and improvement of the Montana University System pursuant to 15-10-106, MCA. Millage is budgeted at \$12,470,199 for FY94 and FY95.

Other Revenue - This category includes miscellaneous revenues available to the units for general operating expenses which are appropriated for current unrestricted fund support.

**Lump Sum Appropriation**

The executive budget recommends a single lump sum appropriation of \$147,549,499 for FY94 and \$147,306,623 for FY95 to the Board of Regents for allocation to the six units of the Montana University System. This method of funding would allow the regents the flexibility to transfer and expend monies according to regent-identified unit missions and system priorities. The four agencies administratively attached to the six units (Bureau of Mines, Agricultural Experiment Station, Forest and Conservation Experiment Station, Fire Services Training School and the Cooperative Extension Service) would continue to be budgeted separately.

In conjunction with the lump sum appropriation, the Governor recommends that the regents continue submitting authorized and actual unit operating plans and FTE levels by program to the Office of Budget and Program Planning and the Office of the Legislative Fiscal Analyst. Those programs historically appropriated by formula (Instruction and Support) are

to be presented in sufficient detail to allow comparison of individual formula components to the appropriated unit budgets. These reports will enable review and analysis of the final distribution decisions made by the Board of Regents.

The Governor further recommends inclusion of language in the general appropriations act requiring the regents to prepare and submit a comprehensive

written report to the executive and legislative branches of government explaining and documenting budget allocations to the units by first level of detail for each program by September 1 following the end of each fiscal year. This report must explain significant deviations and rationale for deviation from the regents' proposed operating plan, formula components and FTE levels as well as any significant policy changes impacting the budget, including decisions to limit enrollment at any of the units.

In order to provide a basis for the recommended total lump sum allocation to the six units, the executive budget has been developed in a manner consistent with the 1993 biennium appropriated budget. Presentation of the executive budget in this format is not intended to preclude the regents from allocating the recommended lump sum appropriation in a different manner.

TABLE V  
NON GENERAL FUND REVENUES

UNIT	Millage	Other	Tuition & Fees
UM	\$4,469,906	\$127,000	\$18,992,099
MSU	4,474,148	467,000	16,891,343
MCMST	459,153	82,894	2,799,405
EMC	1,479,755	49,000	4,798,971
NMC	798,568	40,000	2,549,595
WMC	788,668	21,004	1,469,235
<b>TOTAL</b>	<b>\$12,470,199</b>	<b>\$786,898</b>	<b>\$47,500,648</b>



# University of Montana

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	1,033.03	1,033.88	1,008.89	21.00	1,029.89	1,008.89	21.00	1,029.89
Personal Services	37,782,932.54	33,132,575	37,903,946	1,012,374	38,916,320	37,938,691	1,012,374	38,951,065
Operating Expenses	9,013,885.82	15,125,976	8,859,293	374,884	9,234,177	8,955,858	123,884	9,079,742
Equipment	1,539,852.88	1,018,110	335,202	0	335,202	337,560	0	337,560
Capital Outlay	43,900.00	0	0	0	0	0	0	0
Transfers	159,769.27	114,590	0	0	0	0	0	0
Debt Service	26,219.62	0	22,456	0	22,456	22,601	0	22,601
<b>Total Agency Costs</b>	<b>\$48,566,560.13</b>	<b>\$49,391,251</b>	<b>\$47,120,897</b>	<b>\$1,387,258</b>	<b>\$48,508,155</b>	<b>\$47,254,710</b>	<b>\$1,136,258</b>	<b>\$48,390,968</b>
General Fund	0.00	0	23,531,892	1,387,258	24,919,150	23,665,705	1,136,258	24,801,963
State Special Revenue Fund	0.00	0	23,589,005	0	23,589,005	23,589,005	0	23,589,005
Current Unrestricted Fund	48,566,560.13	49,391,251	0	0	0	0	0	0
<b>Total Funding</b>	<b>\$48,566,560.13</b>	<b>\$49,391,251</b>	<b>\$47,120,897</b>	<b>\$1,387,258</b>	<b>\$48,508,155</b>	<b>\$47,254,710</b>	<b>\$1,136,258</b>	<b>\$48,390,968</b>
Instruction	25,670,206.09	26,963,114	24,520,737	1,638,258	26,158,995	24,567,696	1,638,258	26,205,954
Organized Research	970,660.74	850,249	822,910	0	822,910	827,079	0	827,079
Public Service	338,118.95	437,868	348,005	0	348,005	348,413	0	348,413
Operation & Maint Of Plant	5,921,825.33	5,785,840	5,936,422	0	5,936,422	5,985,667	0	5,985,667
Scholarships & Fellowships Pgm	1,257,288.43	1,649,818	933,057	0	933,057	933,057	0	933,057
Support	14,408,460.59	13,704,362	14,559,766	-251,000	14,308,766	14,592,798	-502,000	14,090,798
<b>Total Program Costs</b>	<b>\$48,566,560.13</b>	<b>\$49,391,251</b>	<b>\$47,120,897</b>	<b>\$1,387,258</b>	<b>\$48,508,155</b>	<b>\$47,254,710</b>	<b>\$1,136,258</b>	<b>\$48,390,968</b>

**MISSION STATEMENT:** Since receiving its charter in 1893, The University of Montana has evolved into a comprehensive, doctoral level university with a home campus at Missoula, a separate campus at Dillon, residence centers in numerous locations, and board responsibilities statewide for on-site and technological delivery of academic programs and services. As a major public university, the University of Montana generates new knowledge through research and creative activities, transmits that knowledge through its instructional programs, and activities, including important contributions to Montana's economic development.

The University of Montana has been recognized as the center of liberal education in Montana and will be supported in its efforts to perpetuate a rich academic tradition which for decades has constituted a special and unusual asset to Montana and the Rocky Mountain West, and which has given the University its special character within the Montana University System.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	557.73	557.73	529.36	21.00	550.36	21.00
Personal Services	23,062,202.99	20,283,699	22,512,055	1,012,374	23,524,429	1,012,374
Operating Expenses	2,281,632.57	6,679,415	1,691,076	625,884	2,316,960	625,884
Equipment	307,351.55	0	299,194	0	299,194	0
Debt Service	19,018.98	0	18,412	0	18,412	0
<b>Total Agency Costs</b>	<b>\$25,670,206.09</b>	<b>\$26,963,114</b>	<b>\$24,520,737</b>	<b>\$1,638,258</b>	<b>\$26,158,995</b>	<b>\$1,638,258</b>
General Fund	0.00	0	931,732	1,638,258	2,569,990	1,638,258
State Special Revenue Fund	0.00	0	23,589,005	0	23,589,005	0
Current Unrestricted Fund	25,670,206.09	26,963,114	0	0	0	0
<b>Total Funding Costs</b>	<b>\$25,670,206.09</b>	<b>\$26,963,114</b>	<b>\$24,520,737</b>	<b>\$1,638,258</b>	<b>\$26,158,995</b>	<b>\$1,638,258</b>

**MODIFIED LEVEL SERVICES:** Enrollment Budget Amendment Student FYFTE enrollment in FY92 at the University of Montana exceeded the level anticipated by the 1991 Legislature by 1200. The school received a budget amendment to expend the resulting tuition revenue. This budget modification carries forward the

amount added by the enrollment budget amendment to FY94 and FY95. Personal services are added for 21.00 FTE faculty while \$625,884 is allowed for operating expenses.

## 5103-02 ORGANIZED RESEARCH

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	17.85	18.70	18.41	.00	18.41	.00
Personal Services	646,797.55	524,477	669,531	0	670,327	0
Operating Expenses	157,996.42	211,182	150,171	0	153,544	0
Equipment	6,097.50	0	3,208	0	3,208	0
Transfers	159,769.27	114,590	0	0	0	0
<b>Total Agency Costs</b>	<b>\$970,660.74</b>	<b>\$850,249</b>	<b>\$822,910</b>	<b>\$0</b>	<b>\$827,079</b>	<b>\$0</b>
General Fund	0.00	0	822,910	0	827,079	0
Current Unrestricted Fund	970,660.74	850,249	0	0	0	0
<b>Total Funding Costs</b>	<b>\$970,660.74</b>	<b>\$850,249</b>	<b>\$822,910</b>	<b>\$0</b>	<b>\$827,079</b>	<b>\$0</b>

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	8.29	8.29	8.05	.00	8.05	.00
Personal Services	250,161.68	233,872	259,267	0	259,267	0
Operating Expenses	79,157.27	203,996	79,938	0	80,346	0
Equipment	8,800.00	0	8,800	0	8,800	0
Total Agency Costs	<u>\$338,118.95</u>	<u>\$437,868</u>	<u>\$348,005</u>	<u>\$0</u>	<u>\$348,413</u>	<u>\$0</u>
General Fund	0.00	0	348,005	0	348,413	0
Current Unrestricted Fund	<u>338,118.95</u>	<u>437,868</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	<u>\$338,118.95</u>	<u>\$437,868</u>	<u>\$348,005</u>	<u>\$0</u>	<u>\$348,413</u>	<u>\$0</u>

## 5103-07 OPERATION &amp; MAINT OF PLANT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	113.88	113.88	115.00	.00	115.00	.00
Personal Services	3,067,877.44	2,878,334	3,274,749	0	3,303,418	0
Operating Expenses	2,782,167.89	2,907,506	2,633,629	0	2,654,205	0
Equipment	23,836.00	0	24,000	0	24,000	0
Capital Outlay	43,900.00	0	0	0	0	0
Debt Service	<u>4,044.00</u>	<u>0</u>	<u>4,044</u>	<u>0</u>	<u>4,044</u>	<u>0</u>
Total Agency Costs	<u>\$5,921,825.33</u>	<u>\$5,785,840</u>	<u>\$5,936,422</u>	<u>\$0</u>	<u>\$5,985,667</u>	<u>\$0</u>
General Fund	0.00	0	5,936,422	0	5,985,667	0
Current Unrestricted Fund	<u>5,921,825.33</u>	<u>5,785,840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	<u>\$5,921,825.33</u>	<u>\$5,785,840</u>	<u>\$5,936,422</u>	<u>\$0</u>	<u>\$5,985,667</u>	<u>\$0</u>

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Personal Services	48.20	0	0	0	0	0
Operating Expenses	1,257,240.23	1,649,818	933,057	0	933,057	0
<b>Total Agency Costs</b>	<b>\$1,257,288.43</b>	<b>\$1,649,818</b>	<b>\$933,057</b>	<b>\$0</b>	<b>\$933,057</b>	<b>\$0</b>
General Fund	0.00	0	933,057	0	933,057	0
Current Unrestricted Fund	1,257,288.43	1,649,818	0	0	0	0
<b>Total Funding Costs</b>	<b>\$1,257,288.43</b>	<b>\$1,649,818</b>	<b>\$933,057</b>	<b>\$0</b>	<b>\$933,057</b>	<b>\$0</b>

## 5103-44 SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	335.28	335.28	338.07	.00	338.07	.00
Personal Services	10,755,844.68	9,212,193	11,188,344	0	11,193,624	0
Operating Expenses	2,455,691.44	3,474,059	3,371,422	-251,000	3,399,174	-502,000
Equipment	1,193,767.83	1,018,110	0	0	0	0
Debt Service	3,156.64	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$14,408,460.59</b>	<b>\$13,704,362</b>	<b>\$14,559,766</b>	<b>\$-251,000</b>	<b>\$14,592,798</b>	<b>\$-502,000</b>
General Fund	0.00	0	14,559,766	-251,000	14,592,798	-502,000
Current Unrestricted Fund	14,408,460.59	13,704,362	0	0	0	0
<b>Total Funding Costs</b>	<b>\$14,408,460.59</b>	<b>\$13,704,362</b>	<b>\$14,559,766</b>	<b>\$-251,000</b>	<b>\$14,592,798</b>	<b>\$-502,000</b>



**Montana State University**

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	1,097.31	1,086.56	1,095.57	2.00	1,097.57	1,095.57	2.00	1,097.57
Personal Services	42,013,790.76	41,859,132	42,219,609	172,894	42,392,503	42,226,639	213,394	42,440,033
Operating Expenses	10,648,783.56	11,686,222	11,939,049	-10,000	11,929,049	12,048,087	-86,500	11,961,587
Equipment	1,861,400.60	3,093,789	575,510	5,000	580,510	577,585	6,000	583,585
Capital Outlay	7,457.65	0	0	0	0	0	0	0
Debt Service	85,153.29	0	1,165	0	1,165	1,165	0	1,165
<b>Total Agency Costs</b>	<b>\$54,616,585.86</b>	<b>\$56,639,143</b>	<b>\$54,735,333</b>	<b>\$167,894</b>	<b>\$54,903,227</b>	<b>\$54,853,476</b>	<b>\$132,894</b>	<b>\$54,986,370</b>
General Fund	0.00	0	32,902,842	167,894	33,070,736	33,020,985	132,894	33,153,879
State Special Revenue Fund	0.00	0	21,832,491	0	21,832,491	21,832,491	0	21,832,491
Current Unrestricted Fund	54,616,585.86	56,639,143	0	0	0	0	0	0
<b>Total Funding</b>	<b>\$54,616,585.86</b>	<b>\$56,639,143</b>	<b>\$54,735,333</b>	<b>\$167,894</b>	<b>\$54,903,227</b>	<b>\$54,853,476</b>	<b>\$132,894</b>	<b>\$54,986,370</b>
Instruction	30,239,207.49	32,228,651	30,572,190	102,894	30,675,084	30,586,579	102,894	30,689,473
Organized Research	615,402.01	617,982	631,415	0	631,415	631,533	0	631,533
Public Service	303,620.19	416,127	317,764	0	317,764	318,951	0	318,951
Operation & Maint Of Plant	6,232,374.22	6,230,590	5,790,613	0	5,790,613	5,844,210	0	5,844,210
Scholarships & Fellowships Pgm	1,378,507.70	1,782,485	1,271,066	0	1,271,066	1,271,066	0	1,271,066
Support	15,847,474.25	15,363,308	16,152,285	65,000	16,217,285	16,201,137	30,000	16,231,137
<b>Total Program Costs</b>	<b>\$54,616,585.86</b>	<b>\$56,639,143</b>	<b>\$54,735,333</b>	<b>\$167,894</b>	<b>\$54,903,227</b>	<b>\$54,853,476</b>	<b>\$132,894</b>	<b>\$54,986,370</b>

**MISSION STATEMENT:** Montana State University is a comprehensive state university and is the land-grant university for the state of Montana. With a student body of approximately 10,000 and a resident faculty of more than 500, it offers a board range of baccalaureate and graduate degrees and also administers the Montana agricultural Experiment Station and the Montana Extension Service.

Consistent with its character as a land-grant university, Montana State University is the state's exclusive institution in the areas of Agriculture, Architecture, and Home Economics. It is, furthermore, the exclusive institution in the area of Film, sharing responsibility in Television; and is the exclusive institution in Medicine, sharing responsibility for the biological sciences. It is the state's lead institution in the fields of Nursing, non-mining Engineering, Adult/Community and Higher Education, and Technology Education; and it is committed to maintaining its traditional excellence in the physical sciences and in Science-Math Education. Montana State University has been designated by the Montana Science and Technology alliance as the site for the Center of Excellence in Synthesis and Characterization of Advance Materials in cooperation with the University of Montana and Montana Tech.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	655.34	647.30	614.88	2.00	616.88	616.88
Personal Services	27,821,249.35	27,109,252	27,357,084	102,894	27,459,978	27,459,978
Operating Expenses	2,089,837.29	3,993,258	2,839,753	0	2,839,753	2,852,297
Equipment	305,304.07	1,126,141	375,353	0	375,353	377,198
Debt Service	22,816.78	0	0	0	0	0
Total Agency Costs	\$30,239,207.49	\$32,228,651	\$30,572,190	\$102,894	\$30,675,084	\$30,689,473
General Fund	0.00	0	8,739,699	102,894	8,842,593	8,856,982
State Special Revenue Fund	0.00	0	21,832,491	0	21,832,491	21,832,491
Current Unrestricted Fund	30,239,207.49	32,228,651	0	0	0	0
Total Funding Costs	\$30,239,207.49	\$32,228,651	\$30,572,190	\$102,894	\$30,675,084	\$30,689,473

**MODIFIED LEVEL SERVICES: Enrollment Budget Amendment**  
 Student FYFTE enrollment in FY92 at Montana State University exceeded the level anticipated by the 1991 Legislature by 34. The school received a budget amendment to expend the resulting

tuition revenue. This budget modification allows the addition of 2.00 FTE faculty which the school would have earned as a result to the added tuition based on the schools student faculty ratio.

## 5104-02 ORGANIZED RESEARCH

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	13.73	12.87	13.71	.00	13.71	13.71
Personal Services	460,485.12	459,979	477,074	0	477,074	477,113
Operating Expenses	141,563.48	154,403	140,987	0	140,987	141,066
Equipment	13,353.41	3,600	13,354	0	13,354	13,354
Total Agency Costs	\$615,402.01	\$617,982	\$631,415	\$0	\$631,415	\$631,533
General Fund	0.00	0	631,415	0	631,415	631,533
Current Unrestricted Fund	615,402.01	617,982	0	0	0	0
Total Funding Costs	\$615,402.01	\$617,982	\$631,415	\$0	\$631,415	\$631,533



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	5.66	9.54	6.87	.00	6.87	.00
Personal Services	226,300.87	216,127	220,424	0	220,424	0
Operating Expenses	40,906.72	100,000	60,927	0	62,114	0
Equipment	35,247.80	100,000	35,248	0	35,248	0
Debt Service	1,164.80	0	1,165	0	1,165	0
Total Agency Costs	\$303,620.19	\$416,127	\$317,764	\$0	\$318,951	\$0
General Fund	0.00	0	317,764	0	318,951	0
Current Unrestricted Fund	303,620.19	416,127	0	0	0	0
Total Funding Costs	\$303,620.19	\$416,127	\$317,764	\$0	\$318,951	\$0

5104-07 OPERATION & MAINT OF PLANT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	88.54	89.39	104.23	.00	104.23	.00
Personal Services	2,288,596.94	2,364,531	2,274,480	0	2,278,112	0
Operating Expenses	3,768,546.29	3,660,543	3,364,578	0	3,414,313	0
Equipment	174,509.84	205,516	151,555	0	151,785	0
Capital Outlay	721.15	0	0	0	0	0
Total Agency Costs	\$6,232,374.22	\$6,230,590	\$5,790,613	\$0	\$5,844,210	\$0
General Fund	0.00	0	5,790,613	0	5,844,210	0
Current Unrestricted Fund	6,232,374.22	6,230,590	0	0	0	0
Total Funding Costs	\$6,232,374.22	\$6,230,590	\$5,790,613	\$0	\$5,844,210	\$0



## 5104-08 SCHOLARSHIPS &amp; FELLOWSHIPS PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	1,378,507.70	1,782,485	1,271,066	0	1,271,066	0
<b>Total Agency Costs</b>	<b>\$1,378,507.70</b>	<b>\$1,782,485</b>	<b>\$1,271,066</b>	<b>\$0</b>	<b>\$1,271,066</b>	<b>\$0</b>
General Fund	0.00	0	1,271,066	0	1,271,066	0
Current Unrestricted Fund	1,378,507.70	1,782,485	0	0	0	0
<b>Total Funding Costs</b>	<b>\$1,378,507.70</b>	<b>\$1,782,485</b>	<b>\$1,271,066</b>	<b>\$0</b>	<b>\$1,271,066</b>	<b>\$0</b>

## 5104-44 SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	334.04	327.46	355.88	.00	355.88	.00
Personal Services	11,217,158.48	11,709,243	11,890,547	70,000	11,960,547	110,500
Operating Expenses	3,229,422.08	1,995,533	4,261,738	-10,000	4,251,738	-86,500
Equipment	1,332,985.48	1,658,532	0	5,000	5,000	6,000
Capital Outlay	6,736.50	0	0	0	0	0
Debt Service	61,171.71	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$15,847,474.25</b>	<b>\$15,363,308</b>	<b>\$16,152,285</b>	<b>\$65,000</b>	<b>\$16,217,285</b>	<b>\$30,000</b>
General Fund	0.00	0	16,152,285	65,000	16,217,285	30,000
Current Unrestricted Fund	15,847,474.25	15,363,308	0	0	0	0
<b>Total Funding Costs</b>	<b>\$15,847,474.25</b>	<b>\$15,363,308</b>	<b>\$16,152,285</b>	<b>\$65,000</b>	<b>\$16,217,285</b>	<b>\$30,000</b>

# Montana College of Mineral Science & Technology

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	235.42	235.42	230.20	3.00	233.20	233.20
Personal Services	8,600,735.35	7,482,660	8,791,435	139,426	8,930,861	8,941,778
Operating Expenses	2,849,040.44	3,510,051	3,002,320	4,005	3,006,325	2,958,738
Equipment	469,207.51	388,419	274,022	0	274,022	278,618
Debt Service	10,200.00	0	14,147	0	14,147	14,147
<b>Total Agency Costs</b>	<b>\$11,929,183.30</b>	<b>\$11,381,130</b>	<b>\$12,081,924</b>	<b>\$143,431</b>	<b>\$12,225,355</b>	<b>\$12,193,281</b>
General Fund	0.00	0	8,740,472	143,431	8,883,903	8,851,829
State Special Revenue Fund	0.00	0	3,341,452	0	3,341,452	3,341,452
Current Unrestricted Fund	11,929,183.30	11,381,130	0	0	0	0
<b>Total Funding</b>	<b>\$11,929,183.30</b>	<b>\$11,381,130</b>	<b>\$12,081,924</b>	<b>\$143,431</b>	<b>\$12,225,355</b>	<b>\$12,193,281</b>
Instruction	5,423,044.51	5,364,914	5,379,056	167,431	5,546,487	5,552,563
Organized Research	48,465.43	42,149	47,934	0	47,934	48,025
Operation & Maint Of Plant	1,713,798.01	1,570,721	1,796,749	0	1,796,749	1,825,246
Scholarships & Fellowships Pgm	299,054.50	422,302	202,536	0	202,536	202,536
Independent Operations	1,360,988.22	1,083,633	1,406,171	0	1,406,171	1,394,311
Support	3,083,832.63	2,897,411	3,249,478	-24,000	3,225,478	3,170,600
<b>Total Program Costs</b>	<b>\$11,929,183.30</b>	<b>\$11,381,130</b>	<b>\$12,081,924</b>	<b>\$143,431</b>	<b>\$12,225,355</b>	<b>\$12,193,281</b>

**MISSION STATEMENT:** Montana Tech is a specialty institution with its primary mission devoted to graduate and undergraduate education and research in minerals, energy and the attendant areas of science, technology and economic development. Located within the historic mining community of Butte, the College also provides essential educational service to the local community through a comprehensive array of transfer programs as well as degree offerings in engineering, business development and in the natural and applied sciences.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Modis/Policy	Current Level	Modis/Policy
Full Time Equivalent Employees	112.68	112.68	106.72	3.00	106.72	3.00
Personal Services	4,669,804.90	4,188,606	4,638,908	139,426	4,638,908	139,426
Operating Expenses	560,392.69	1,026,308	504,178	28,005	505,658	28,005
Equipment	192,846.92	150,000	235,970	0	240,566	0
Total Agency Costs	\$5,423,044.51	\$5,364,914	\$5,379,056	\$167,431	\$5,385,132	\$167,431
General Fund	0.00	0	2,037,604	167,431	2,043,680	167,431
State Special Revenue Fund	0.00	0	3,341,452	0	3,341,452	0
Current Unrestricted Fund	5,423,044.51	5,364,914	0	0	0	0
Total Funding Costs	\$5,423,044.51	\$5,364,914	\$5,379,056	\$167,431	\$5,385,132	\$167,431

**MODIFIED LEVEL SERVICES:** Enrollment Budget Amendment Student FYFTE enrollment in FY92 at Montana College of Mineral Science and Technology exceeded the level anticipated by the 1991 Legislature by 171. The school received a budget amendment to expend the resulting tuition revenue. This budget

modification carries forward the amount added by the enrollment budget amendment to FY94 and FY95. Personal services are added for 3.00 FTE faculty while \$28,005 is allowed for operating expenses.

## 5105-02 ORGANIZED RESEARCH

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Modis/Policy	Current Level	Modis/Policy
Full Time Equivalent Employees	.85	.85	.85	.00	.85	.00
Personal Services	40,835.96	34,448	41,068	0	41,068	0
Operating Expenses	7,629.47	7,701	6,866	0	6,957	0
Total Agency Costs	\$48,465.43	\$42,149	\$47,934	\$0	\$48,025	\$0
General Fund	0.00	0	47,934	0	48,025	0
Current Unrestricted Fund	48,465.43	42,149	0	0	0	0
Total Funding Costs	\$48,465.43	\$42,149	\$47,934	\$0	\$48,025	\$0



## 5105-07 OPERATION &amp; MAINT OF PLANT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	36.54	36.54	35.86	.00	35.86	.00
Personal Services	930,481.64	844,534	1,014,603	0	1,024,788	0
Operating Expenses	744,234.36	709,187	764,624	0	782,936	0
Equipment	39,082.01	17,000	17,522	0	17,522	0
Total Agency Costs	\$1,713,798.01	\$1,570,721	\$1,796,749	\$0	\$1,825,246	\$0
General Fund	0.00	0	1,796,749	0	1,825,246	0
Current Unrestricted Fund	1,713,798.01	1,570,721	0	0	0	0
Total Funding Costs	\$1,713,798.01	\$1,570,721	\$1,796,749	\$0	\$1,825,246	\$0

## 5105-08 SCHOLARSHIPS &amp; FELLOWSHIPS PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	299,054.50	422,302	202,536	0	202,536	0
Total Agency Costs	\$299,054.50	\$422,302	\$202,536	\$0	\$202,536	\$0
General Fund	0.00	0	202,536	0	202,536	0
Current Unrestricted Fund	299,054.50	422,302	0	0	0	0
Total Funding Costs	\$299,054.50	\$422,302	\$202,536	\$0	\$202,536	\$0

## 5105-11 INDEPENDENT OPERATIONS

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	26.17	26.17	26.19	.00	26.19	.00
Personal Services	1,001,940.75	696,018	1,022,409	0	1,022,592	0
Operating Expenses	329,885.42	359,115	349,085	0	337,042	0
Equipment	18,962.05	28,500	20,530	0	20,530	0
Debt Service	10,200.00	0	14,147	0	14,147	0
Total Agency Costs	<u>\$1,360,988.22</u>	<u>\$1,083,633</u>	<u>\$1,406,171</u>	<u>\$0</u>	<u>\$1,394,311</u>	<u>\$0</u>
General Fund	0.00	0	1,406,171	0	1,394,311	0
Current Unrestricted Fund	<u>1,360,988.22</u>	<u>1,083,633</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	<u>\$1,360,988.22</u>	<u>\$1,083,633</u>	<u>\$1,406,171</u>	<u>\$0</u>	<u>\$1,394,311</u>	<u>\$0</u>

## 5105-44 SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	59.18	59.18	60.58	.00	60.58	.00
Personal Services	1,957,672.10	1,719,054	2,074,447	0	2,074,996	0
Operating Expenses	907,844.00	985,438	1,175,031	-24,000	1,143,604	-48,000
Equipment	218,316.53	192,919	0	0	0	0
Total Agency Costs	<u>\$3,083,832.63</u>	<u>\$2,897,411</u>	<u>\$3,249,478</u>	<u>\$-24,000</u>	<u>\$3,218,600</u>	<u>\$-48,000</u>
General Fund	0.00	0	3,249,478	-24,000	3,218,600	-48,000
Current Unrestricted Fund	<u>3,083,832.63</u>	<u>2,897,411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	<u>\$3,083,832.63</u>	<u>\$2,897,411</u>	<u>\$3,249,478</u>	<u>\$-24,000</u>	<u>\$3,218,600</u>	<u>\$-48,000</u>

# Eastern Montana College

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	342.20	326.60	358.97	.00	358.97	.00
Personal Services	12,022,775.10	10,780,508	12,486,368	0	12,502,068	0
Operating Expenses	4,317,261.59	5,503,406	4,741,551	-85,000	4,733,811	-170,000
Equipment	415,213.95	290,540	3,650	0	3,650	0
Debt Service	87,903.12	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$16,843,153.76</b>	<b>\$16,574,454</b>	<b>\$17,231,569</b>	<b>\$-85,000</b>	<b>\$17,146,569</b>	<b>\$-170,000</b>
General Fund	0.00	0	10,903,843	-85,000	10,911,803	-170,000
State Special Revenue Fund	0.00	0	6,327,726	0	6,327,726	0
Current Unrestricted Fund	16,843,153.76	16,574,454	0	0	0	0
<b>Total Funding</b>	<b>\$16,843,153.76</b>	<b>\$16,574,454</b>	<b>\$17,231,569</b>	<b>\$-85,000</b>	<b>\$17,146,569</b>	<b>\$-170,000</b>
Instruction	7,852,481.82	8,067,351	7,877,647	0	7,884,726	0
Public Service	497,818.12	607,344	353,339	0	354,151	0
Operation & Maint Of Plant	2,076,014.18	2,175,424	2,251,736	0	2,280,903	0
Scholarships & Fellowships Pgm	413,580.80	487,276	388,386	0	388,386	0
Support	6,003,258.84	5,237,059	6,360,461	-85,000	6,331,363	-170,000
<b>Total Program Costs</b>	<b>\$16,843,153.76</b>	<b>\$16,574,454</b>	<b>\$17,231,569</b>	<b>\$-85,000</b>	<b>\$17,146,569</b>	<b>\$-170,000</b>
					<b>\$17,239,529</b>	<b>\$17,069,529</b>

**MISSION STATEMENT:** Established March 12, 1927 as Eastern Montana state Normal School, with an initial authorization to prepare teachers for the elementary schools, Eastern Montana College has grown into a comprehensive state college.

Eastern Montana College has placed primary emphasis on curricular development in the areas of undergraduate and graduate teacher education; a reasonable full complement of undergraduate degree programs in the liberal arts; and strong undergraduate programs in business and economics. eastern Montana College has exclusive responsibility for the undergraduate and graduate degree programs in special education, special education supervision, and rehabilitation and rehabilitation counseling.



	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	191.95	185.95	194.78	.00	194.78	.00
Personal Services	7,084,830.34	6,250,353	7,239,117	0	7,239,117	0
Operating Expenses	650,133.56	1,704,998	638,530	0	645,609	0
Equipment	117,517.92	112,000	0	0	0	0
Total Agency Costs	\$7,852,481.82	\$8,067,351	\$7,877,647	\$0	\$7,884,726	\$0
General Fund	0.00	0	1,549,921	0	1,557,000	0
State Special Revenue Fund	0.00	0	6,327,726	0	6,327,726	0
Current Unrestricted Fund	7,852,481.82	8,067,351	0	0	0	0
Total Funding Costs	\$7,852,481.82	\$8,067,351	\$7,877,647	\$0	\$7,884,726	\$0

## 5106-03 PUBLIC SERVICE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	6.03	5.90	8.57	.00	8.57	.00
Personal Services	338,279.37	229,846	292,862	0	292,862	0
Operating Expenses	117,367.99	374,114	60,422	0	61,234	0
Equipment	42,170.76	3,384	55	0	55	0
Total Agency Costs	\$497,818.12	\$607,344	\$353,339	\$0	\$354,151	\$0
General Fund	0.00	0	353,339	0	354,151	0
Current Unrestricted Fund	497,818.12	607,344	0	0	0	0
Total Funding Costs	\$497,818.12	\$607,344	\$353,339	\$0	\$354,151	\$0

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	32.89	31.04	32.07	.00	32.07	.00
Personal Services	726,519.77	728,266	876,973	0	888,352	0
Operating Expenses	1,345,899.41	1,447,158	1,371,168	0	1,388,956	0
Equipment	3,595.00	0	3,595	0	3,595	0
Total Agency Costs	\$2,076,014.18	\$2,175,424	\$2,251,736	\$0	\$2,280,903	\$0
General Fund	0.00	0	2,251,736	0	2,280,903	0
Current Unrestricted Fund	2,076,014.18	2,175,424	0	0	0	0
Total Funding Costs	\$2,076,014.18	\$2,175,424	\$2,251,736	\$0	\$2,280,903	\$0

## 5106-08 SCHOLARSHIPS &amp; FELLOWSHIPS PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	413,580.80	487,276	388,386	0	388,386	0
Total Agency Costs	\$413,580.80	\$487,276	\$388,386	\$0	\$388,386	\$0
General Fund	0.00	0	388,386	0	388,386	0
Current Unrestricted Fund	413,580.80	487,276	0	0	0	0
Total Funding Costs	\$413,580.80	\$487,276	\$388,386	\$0	\$388,386	\$0

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Modifications/Policy	Total	Current Level	Modifications/Policy	Total
Full Time Equivalent Employees	111.33	103.71	123.55	.00	123.55	123.55	.00	123.55
Personal Services	3,873,145.62	3,572,043	4,077,416	0	4,077,416	4,081,737	0	4,081,737
Operating Expenses	1,790,279.83	1,489,860	2,283,045	-85,000	2,198,045	2,249,626	-170,000	2,079,626
Equipment	251,930.27	175,156	0	0	0	0	0	0
Debt Service	87,903.12	0	0	0	0	0	0	0
Total Agency Costs	\$6,003,258.84	\$5,237,059	\$6,360,461	\$-85,000	\$6,275,461	\$6,331,363	\$-170,000	\$6,161,363
General Fund	0.00	0	6,360,461	-85,000	6,275,461	6,331,363	-170,000	6,161,363
Current Unrestricted Fund	6,003,258.84	5,237,059	0	0	0	0	0	0
Total Funding Costs	\$6,003,258.84	\$5,237,059	\$6,360,461	\$-85,000	\$6,275,461	\$6,331,363	\$-170,000	\$6,161,363



# Northern Montana College

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	201.55	201.55	194.42	2.00	196.42	194.42	2.00	196.42
Personal Services	6,547,695.32	6,096,715	6,454,260	71,948	6,526,208	6,462,089	71,948	6,534,037
Operating Expenses	2,403,461.61	2,669,213	2,621,973	-21,292	2,600,681	2,588,132	-55,292	2,532,840
Equipment	106,412.52	80,988	28,236	0	28,236	28,236	0	28,236
Total Agency Costs	\$9,057,569.45	\$8,846,916	\$9,104,469	\$50,656	\$9,155,125	\$9,078,457	\$16,656	\$9,095,113
General Fund	0.00	0	5,716,306	50,656	5,766,962	5,690,294	16,656	5,706,950
State Special Revenue Fund	0.00	0	3,388,163	0	3,388,163	3,388,163	0	3,388,163
Current Unrestricted Fund	9,057,569.45	8,846,916	0	0	0	0	0	0
Total Funding	\$9,057,569.45	\$8,846,916	\$9,104,469	\$50,656	\$9,155,125	\$9,078,457	\$16,656	\$9,095,113
Instruction	4,372,388.15	4,735,815	4,443,534	84,656	4,528,190	4,443,320	84,656	4,527,976
Public Service	6,769.28	8,891	8,891	0	8,891	8,891	0	8,891
Operation & Maint Of Plant	1,231,340.49	1,150,222	1,264,555	0	1,264,555	1,274,573	0	1,274,573
Scholarships & Fellowships Pgm	341,225.65	381,301	276,699	0	276,699	276,699	0	276,699
Support	3,105,845.88	2,570,687	3,110,790	-34,000	3,076,790	3,074,974	-68,000	3,006,974
Total Program Costs	\$9,057,569.45	\$8,846,916	\$9,104,469	\$50,656	\$9,155,125	\$9,078,457	\$16,656	\$9,095,113

**MISSION STATEMENT:** Northern Montana College provides quality undergraduate education leading to associate and baccalaureate degrees. Graduate education is offered at the master's level in primary and secondary education, and in guidance and counseling.

Public service to Montana citizens is a priority activity at Northern Montana College as it addresses the needs of the population through linkages with business, military, and industrial organizations. Northern Montana College provides economic development initiatives to Montana including applied research and technology transfer.

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	114.50	114.50	109.85	2.00	109.85	2.00
Personal Services	4,025,727.62	3,944,099	3,798,470	71,948	3,798,832	71,948
Operating Expenses	334,542.97	791,716	630,064	12,708	629,488	12,708
Equipment	12,117.56	0	15,000	0	15,000	0
<b>Total Agency Costs</b>	<b>\$4,372,388.15</b>	<b>\$4,735,815</b>	<b>\$4,443,534</b>	<b>\$84,656</b>	<b>\$4,443,320</b>	<b>\$84,656</b>
General Fund	0.00	0	1,055,371	84,656	1,055,157	84,656
State Special Revenue Fund	0.00	0	3,388,163	0	3,388,163	0
Current Unrestricted Fund	4,372,388.15	4,735,815	0	0	0	0
<b>Total Funding Costs</b>	<b>\$4,372,388.15</b>	<b>\$4,735,815</b>	<b>\$4,443,534</b>	<b>\$84,656</b>	<b>\$4,443,320</b>	<b>\$84,656</b>

**MODIFIED LEVEL SERVICES:** Enrollment Budget Amendment  
Student FYFTE enrollment in FY92 at Northern Montana College  
exceeded the level anticipated by the 1991 Legislature by 36. The  
school received a budget amendment to expend the resulting

tuition revenue. This budget modification allows the addition of  
2.00 FTE faculty which the school would have earned as a result  
to the added tuition based on the schools student faculty ratio.

## 5107-03 PUBLIC SERVICE

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Personal Services	4,486.52	0	0	0	0	0
Operating Expenses	2,282.76	0	0	0	0	0
Equipment	0.00	8,891	8,891	0	8,891	0
<b>Total Agency Costs</b>	<b>\$6,769.28</b>	<b>\$8,891</b>	<b>\$8,891</b>	<b>\$0</b>	<b>\$8,891</b>	<b>\$0</b>
General Fund	0.00	0	8,891	0	8,891	0
Current Unrestricted Fund	6,769.28	8,891	0	0	0	0
<b>Total Funding Costs</b>	<b>\$6,769.28</b>	<b>\$8,891</b>	<b>\$8,891</b>	<b>\$0</b>	<b>\$8,891</b>	<b>\$0</b>

## 5107-07 OPERATION &amp; MAINT OF PLANT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	22.30	22.30	22.00	.00	22.00	22.00
Personal Services	507,381.50	472,131	568,049	0	575,333	575,333
Operating Expenses	719,613.99	669,241	692,161	0	694,895	694,895
Equipment	4,345.00	8,850	4,345	0	4,345	4,345
Total Agency Costs	\$1,231,340.49	\$1,150,222	\$1,264,555	\$0	\$1,274,573	\$1,274,573
General Fund	0.00	0	1,264,555	0	1,274,573	1,274,573
Current Unrestricted Fund	1,231,340.49	1,150,222	0	0	0	0
Total Funding Costs	\$1,231,340.49	\$1,150,222	\$1,264,555	\$0	\$1,274,573	\$1,274,573

## 5107-08 SCHOLARSHIPS &amp; FELLOWSHIPS PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Total	Total
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	341,225.65	381,301	276,699	0	276,699	276,699
Total Agency Costs	\$341,225.65	\$381,301	\$276,699	\$0	\$276,699	\$276,699
General Fund	0.00	0	276,699	0	276,699	276,699
Current Unrestricted Fund	341,225.65	381,301	0	0	0	0
Total Funding Costs	\$341,225.65	\$381,301	\$276,699	\$0	\$276,699	\$276,699



## 5107-44 SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995			
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	64.75	64.75	62.57	.00	62.57	62.57	.00	62.57
Personal Services	2,010,099.68	1,680,485	2,087,741	0	2,087,741	2,087,924	0	2,087,924
Operating Expenses	1,005,796.24	826,955	1,023,049	-34,000	989,049	987,050	-68,000	919,050
Equipment	<u>89,949.96</u>	<u>63,247</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Agency Costs	\$3,105,845.88	\$2,570,687	\$3,110,790	\$-34,000	\$3,076,790	\$3,074,974	\$-68,000	\$3,006,974
General Fund	0.00	0	3,110,790	-34,000	3,076,790	3,074,974	-68,000	3,006,974
Current Unrestricted Fund	<u>3,105,845.88</u>	<u>2,570,687</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Costs	\$3,105,845.88	\$2,570,687	\$3,110,790	\$-34,000	\$3,076,790	\$3,074,974	\$-68,000	\$3,006,974

# Western Montana College

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Total	Total
Full Time Equivalent Employees	125.24	125.24	116.30	3.00	119.30	119.30
Personal Services	4,206,674.71	4,224,324	4,148,653	114,460	4,263,113	4,269,963
Operating Expenses	993,589.89	997,220	1,180,900	-21,000	1,159,900	1,107,732
Equipment	38,525.69	42,223	1,329	0	1,329	1,329
Total Agency Costs	\$5,238,790.29	\$5,263,767	\$5,330,882	\$93,460	\$5,424,342	\$5,379,024
General Fund	0.00	0	3,051,975	93,460	3,145,435	3,100,117
State Special Revenue Fund	0.00	0	2,278,907	0	2,278,907	2,278,907
Current Unrestricted Fund	5,238,790.29	5,263,767	0	0	0	0
Total Funding	\$5,238,790.29	\$5,263,767	\$5,330,882	\$93,460	\$5,424,342	\$5,379,024
Instruction	2,618,188.30	2,636,592	2,571,249	114,460	2,685,709	2,688,782
Operation & Maint Of Plant	738,112.43	711,156	776,898	0	776,898	787,577
Scholarships & Fellowships Pgm	125,804.52	159,147	86,273	0	86,273	86,273
Support	1,756,685.04	1,756,872	1,896,462	-21,000	1,875,462	1,816,392
Total Program Costs	\$5,238,790.29	\$5,263,767	\$5,330,882	\$93,460	\$5,424,342	\$5,379,024

**MISSION STATEMENT:** Western Montana College of the University of Montana is a rural four-year college located in the southwestern Montana town of Dillon. Established in 1893 as the state's normal School, Western's primary focus has always been teacher education. Accordingly, excellence in undergraduate instruction, derived from close student-faculty relationship, is focal while public service and research activities contribute to the broader mission of the institution.

## 5108-01 INSTRUCTION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	69.12	69.12	61.40	3.00	61.40	3.00
Personal Services	2,389,217.50	2,435,335	2,312,841	114,460	2,313,046	114,460
Operating Expenses	228,970.80	197,257	258,408	0	261,276	0
Equipment	0.00	4,000	0	0	0	0
Total Agency Costs	\$2,618,188.30	\$2,636,592	\$2,571,249	\$114,460	\$2,574,322	\$114,460
General Fund	0.00	0	292,342	114,460	295,415	114,460
State Special Revenue Fund	0.00	0	2,278,907	0	2,278,907	0
Current Unrestricted Fund	2,618,188.30	2,636,592	0	0	0	0
Total Funding Costs	\$2,618,188.30	\$2,636,592	\$2,571,249	\$114,460	\$2,574,322	\$114,460

**MODIFIED LEVEL SERVICES:** Enrollment Budget Amendment to Student FYFTE enrollment in FY92 at Western Montana College of the University of Montana exceeded the level anticipated by the 1991 Legislature by 58. The school received a budget amendment

to expend the resulting tuition revenue. This budget modification carries forward the amount added by the enrollment budget amendment to FY94 and FY95. Personal services are added for 3.00 FTE faculty.

## 5108-07 OPERATION &amp; MAINT OF PLANT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	18.42	18.42	19.30	.00	19.30	.00
Personal Services	589,322.73	541,663	616,135	0	621,376	0
Operating Expenses	146,717.40	159,493	159,434	0	164,872	0
Equipment	2,072.30	10,000	1,329	0	1,329	0
Total Agency Costs	\$738,112.43	\$711,156	\$776,898	\$0	\$787,577	\$0
General Fund	0.00	0	776,898	0	787,577	0
Current Unrestricted Fund	738,112.43	711,156	0	0	0	0
Total Funding Costs	\$738,112.43	\$711,156	\$776,898	\$0	\$787,577	\$0



## 5108-08 SCHOLARSHIPS &amp; FELLOWSHIPS PGM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	125,804.52	159,147	86,273		86,273	
Total Agency Costs	<u>\$125,804.52</u>	<u>\$159,147</u>	<u>\$86,273</u>	<u>\$0</u>	<u>\$86,273</u>	<u>\$0</u>
General Fund	0.00	0	86,273	0	86,273	0
Current Unrestricted Fund	125,804.52	159,147	0	0	0	0
Total Funding Costs	<u>\$125,804.52</u>	<u>\$159,147</u>	<u>\$86,273</u>	<u>\$0</u>	<u>\$86,273</u>	<u>\$0</u>

## 5108-44 SUPPORT

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
			Total		Total	
Full Time Equivalent Employees	37.70	37.70	35.60	.00	35.60	.00
Personal Services	1,228,134.48	1,247,326	1,219,677	0	1,221,081	0
Operating Expenses	492,097.17	481,323	676,785	-21,000	637,311	-42,000
Equipment	36,453.39	28,223	0	0	0	0
Total Agency Costs	<u>\$1,756,685.04</u>	<u>\$1,756,872</u>	<u>\$1,896,462</u>	<u>\$-21,000</u>	<u>\$1,858,392</u>	<u>\$-42,000</u>
General Fund	0.00	0	1,896,462	-21,000	1,858,392	-42,000
Current Unrestricted Fund	1,756,685.04	1,756,872	0	0	0	0
Total Funding Costs	<u>\$1,756,685.04</u>	<u>\$1,756,872</u>	<u>\$1,896,462</u>	<u>\$-21,000</u>	<u>\$1,858,392</u>	<u>\$-42,000</u>

# Agricultural Experiment Station

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	275.88	253.26	258.40	.00	258.40	.00
Personal Services	8,457,136.40	7,609,234	8,864,508	0	8,864,508	0
Operating Expenses	1,504,952.24	1,527,138	1,561,661	0	1,561,661	0
Equipment	241,830.90	215,633	186,134	0	186,134	0
Capital Outlay	785.00	0	0	0	0	0
Debt Service	2,803.66	0	2,528	0	2,804	0
Total Agency Costs	\$10,207,508.20	\$9,352,005	\$10,614,831	\$0	\$10,662,882	\$0
General Fund	0.00	0	7,935,807	0	7,970,583	0
Federal Special Revenue Fund	0.00	0	2,679,024	0	2,692,299	0
Current Unrestricted Fund	10,207,508.20	9,352,005	0	0	0	0
Total Funding	\$10,207,508.20	\$9,352,005	\$10,614,831	\$0	\$10,662,882	\$0
Organized Research	9,790,225.89	8,977,710	10,177,284	0	10,212,060	0
Us Range Station	417,282.31	374,295	437,547	0	450,822	0
Total Program Costs	\$10,207,508.20	\$9,352,005	\$10,614,831	\$0	\$10,662,882	\$0

**MISSION STATEMENT:** To conduct research relating to agriculture, natural resources and rural life, and to diffuse the information acquired among the people of Montana. The MAES is the agricultural research component of the land grant university's tri-partite mission of teaching, research and service.

## 5109-02 ORGANIZED RESEARCH

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	259.21	236.59	243.30	.00	243.30	.00
Personal Services	8,063,739.05	7,248,481	8,453,055	0	8,453,361	0
Operating Expenses	1,494,792.28	1,516,596	1,550,567	0	1,584,761	0
Equipment	228,105.90	212,633	171,134	0	171,134	0
Capital Outlay	785.00	0	0	0	0	0
Debt Service	2,803.66	0	2,528	0	2,804	0
Total Agency Costs	\$9,790,225.89	\$8,977,710	\$10,177,284	\$0	\$10,212,060	\$0
General Fund	0.00	0	7,935,807	0	7,970,583	0
Federal Special Revenue Fund	0.00	0	2,241,477	0	2,241,477	0
Current Unrestricted Fund	9,790,225.89	8,977,710	0	0	0	0
Total Funding Costs	\$9,790,225.89	\$8,977,710	\$10,177,284	\$0	\$10,212,060	\$0

## 5109-15 US RANGE STATION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	16.67	16.67	15.10	.00	15.10	.00
Personal Services	393,397.35	360,753	411,453	0	411,453	0
Operating Expenses	10,159.96	10,542	11,094	0	11,369	0
Equipment	13,725.00	3,000	15,000	0	28,000	0
Total Agency Costs	\$417,282.31	\$374,295	\$437,547	\$0	\$450,822	\$0
Federal Special Revenue Fund	0.00	0	437,547	0	450,822	0
Current Unrestricted Fund	417,282.31	374,295	0	0	0	0
Total Funding Costs	\$417,282.31	\$374,295	\$437,547	\$0	\$450,822	\$0



## Cooperative Extension Service

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	117.83	118.65	117.83	.00	117.83	.00
Personal Services	4,310,301.73	4,296,574	4,394,291	0	4,394,291	0
Operating Expenses	523,598.08	602,205	529,550	0	529,550	0
Equipment	82,126.87	83,812	44,215	0	44,215	0
Capital Outlay	9,000.00	0	0	0	0	0
Debt Service	5,185.13	0	3,341	0	3,341	0
Total Agency Costs	\$4,930,211.81	\$4,982,591	\$4,971,397	\$0	\$4,971,397	\$0
General Fund	0.00	0	2,809,745	0	2,809,745	0
Federal Special Revenue Fund	0.00	0	2,161,652	0	2,161,652	0
Current Unrestricted Fund	4,930,211.81	4,982,591	0	0	0	0
Total Funding	\$4,930,211.81	\$4,982,591	\$4,971,397	\$0	\$4,971,397	\$0
Public Service	4,930,211.81	4,982,591	4,971,397	0	4,971,397	0
Total Program Costs	\$4,930,211.81	\$4,982,591	\$4,971,397	\$0	\$4,971,397	\$0

**MISSION STATEMENT:** The Montana State University Extension Service is an educational resource dedicated to improving people's lives by providing research-based knowledge to strengthen the social, economic, and environmental well-being of families, communities, and agricultural enterprises.

# Forestry & Conservation Experiment Station

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	15.65	15.65	15.03	.00	15.03	.00
Personal Services	590,164.38	583,986	613,892	0	614,441	0
Operating Expenses	117,808.89	110,090	119,704	0	121,033	0
Equipment	7,432.48	8,233	13,767	0	13,767	0
Total Agency Costs	\$715,405.75	\$702,309	\$747,363	\$0	\$749,241	\$0
General Fund	0.00	0	747,363	0	749,241	0
Current Unrestricted Fund	715,405.75	702,309	0	0	0	0
Total Funding	\$715,405.75	\$702,309	\$747,363	\$0	\$749,241	\$0
Research	715,405.75	702,309	747,363	0	749,241	0
Total Program Costs	\$715,405.75	\$702,309	\$747,363	\$0	\$749,241	\$0

MISSION STATEMENT: To carry out research on the forests and forest land resources of Montana.

# School for the Deaf and Blind

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	85.38	85.38	81.68	2.92	81.68	2.92
Personal Services	2,528,400.31					
Operating Expenses	473,301.75	2,613,928	2,567,252	89,616	2,573,283	89,616
Equipment	30,778.95	479,936	510,708	0	498,905	0
Debt Service	7,900.20	12,125	36,142	0	14,492	0
Total Agency Costs	\$3,040,381.21	\$3,113,889	\$3,122,002	\$94,616	\$3,086,680	\$94,616
General Fund	2,680,456.28	2,758,442	2,845,515	-316,381	2,810,193	-316,381
State Special Revenue Fund	190,000.00	190,000	193,664	256,797	193,664	256,797
Federal Special Revenue Fund	169,924.93	165,447	82,823	154,200	82,823	154,200
Total Funding	\$3,040,381.21	\$3,113,889	\$3,122,002	\$94,616	\$3,086,680	\$94,616
Administration Program	219,981.17	231,193	249,115	0	221,901	0
General Services Program	259,182.38	254,367	311,307	0	314,393	0
Student Services	837,333.31	862,129	911,792	0	910,333	0
Education	1,723,884.35	1,766,200	1,649,788	94,616	1,640,053	94,616
Total Program Costs	\$3,040,381.21	\$3,113,889	\$3,122,002	\$94,616	\$3,086,680	\$94,616

**MISSION STATEMENT:** To provide to hearing impaired and visually impaired individuals a quality comprehensive education that will provide the opportunities to enable them to achieve their greatest potential of independence and success; and to serve as a resource center providing information, consultation, technical assistance and leadership to (1) parents of handicapped individuals not yet enrolled in an educational program, (2) to public schools of the state having such handicapped individuals enrolled, and (3) to organizations and individuals concerned with services to similarly impaired people.

**CURRENT LEVEL SERVICES:** Total FTE decrease from 85.38 in FY92 to 81.68 current level for FY94 and FY95. The decrease consists of 3.70 FTE in compliance with Section 13, HB2, for \$130,697 general fund. Operating expenses increase due to

inflation and audit costs. The FY92 actual audit cost was \$1,753 of the \$20,519 appropriation; \$26,016 is budgeted. Equipment is budgeted based on a three-year average of the FY90 through FY92 appropriated levels.



## 5113-01 ADMINISTRATION PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	5.00	5.00	5.00	.00	5.00	.00
Personal Services	179,935.80	173,384	187,849	0	187,849	0
Operating Expenses	39,447.37	57,809	60,006	0	34,025	0
Equipment	598.00	0	1,260	0	0	0
Total Agency Costs	\$219,981.17	\$231,193	\$249,115	\$0	\$221,901	\$0
General Fund	219,981.17	231,193	249,115	0	221,901	0
Total Funding Costs	\$219,981.17	\$231,193	\$249,115	\$0	\$221,901	\$0

## 5113-02 GENERAL SERVICES PROGRAM

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mods/Policy	Current Level	Mods/Policy
Full Time Equivalent Employees	4.00	4.00	4.00	.00	4.00	.00
Personal Services	92,435.52	103,516	117,464	0	120,371	0
Operating Expenses	166,307.86	150,851	185,608	0	194,022	0
Equipment	439.00	0	8,235	0	0	0
Total Agency Costs	\$259,182.38	\$254,367	\$311,307	\$0	\$314,393	\$0
General Fund	259,182.38	254,367	311,307	0	314,393	0
Total Funding Costs	\$259,182.38	\$254,367	\$311,307	\$0	\$314,393	\$0

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod/Policy	Current Level	Mod/Policy
			Total		Total	
Full Time Equivalent Employees	31.13	31.13	31.13	.00	31.13	.00
Personal Services	688,385.11	707,412	769,659	0	772,678	0
Operating Expenses	121,289.00	141,992	126,577	0	130,387	0
Equipment	19,759.00	4,825	7,656	0	7,268	0
Debt Service	7,900.20	7,900	7,900	0	0	0
Total Agency Costs	<u>\$837,333.31</u>	<u>\$862,129</u>	<u>\$911,792</u>	<u>\$0</u>	<u>\$910,333</u>	<u>\$0</u>
General Fund	803,216.60	827,882	877,792	-79,200	876,333	-79,200
Federal Special Revenue Fund	34,116.71	34,247	34,000	79,200	34,000	79,200
Total Funding Costs	<u>\$837,333.31</u>	<u>\$862,129</u>	<u>\$911,792</u>	<u>\$0</u>	<u>\$910,333</u>	<u>\$0</u>

## POLICY INITIATIVE

Supplemental Security Income (SSI) eligibility shall be determined for partial payment of residential student services.

Currently there are approximately 60 children receiving twenty-four hours per day, seven-days per week residential care at the MSDB Great Falls campus for the nine months of each school year. MSDB provides living space in cottages with houseparents, three meals a day, recreation, laundry, other support services, and transportation to and from the school for holidays and vacations.

*Room and board,  
recreation, laundry,  
etc. cost \$915,000  
general fund each year.*

There is no charge or reimbursement for any of these services. Except for federal school lunch funds through OPI, these student services are 100% general fund, costing approximately \$915,000 each fiscal year.

For similar residential living arrangements in group homes for the developmentally disabled and nursing homes in Montana, SSI payments are received by the providing agencies. It is known that at least 41 of the 104 students served on campus already are receiving SSI. SRS stands ready to determine how many of these 41 are among the 60 living on campus as soon as MSDB provides a list of the students. It also is known that no portion of these SSI payments currently is being paid to the school for services received.

*Similar living arrangements are  
paid SSI*

It is estimated that, if SSI benefits were assigned to MSDB for the student services provided to eligible children, federal revenue to replace general fund would be about \$79,200 each year of the biennium. For example, if it were assumed 40 of the 60 on-campus students are SSI eligible and receive 198 days of care and fully-paid travel, or a total of 7,920 days, the transfer SSI payment would be \$10 per day towards total student services.

*At least 41 MSDB students  
receive SSI*

The legislature should instruct MSDB to provide its student list to the Department of SRS so an accurate determination of the current SSI payments can be made and budgeted for the 1995 biennium.

*Savings estimated at  
\$79,200 per year  
Legislature to act*



5113-04 EDUCATION

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mod's/Policy	Total	Current Level	Mod's/Policy	Total
Full Time Equivalent Employees	45.25	45.25	41.55	2.92	44.47	41.55	2.92	44.47
Personal Services	1,567,643.88	1,629,616	1,492,280	89,616	1,581,896	1,492,358	89,616	1,581,974
Operating Expenses	146,257.52	129,284	138,517	0	138,517	140,471	0	140,471
Equipment	9,982.95	7,300	18,991	0	18,991	7,224	0	7,224
Debt Service	0.00	0	0	5,000	5,000	0	5,000	5,000
Total Agency Costs	\$1,723,884.35	\$1,766,200	\$1,649,788	\$94,616	\$1,744,404	\$1,640,053	\$94,616	\$1,734,669
General Fund	1,398,076.13	1,445,000	1,407,301	-237,181	1,170,120	1,397,566	-237,181	1,160,385
State Special Revenue Fund	190,000.00	190,000	193,664	256,797	450,461	193,664	256,797	450,461
Federal Special Revenue Fund	135,808.22	131,200	48,823	75,000	123,823	48,823	75,000	123,823
Total Funding Costs	\$1,723,884.35	\$1,766,200	\$1,649,788	\$94,616	\$1,744,404	\$1,640,053	\$94,616	\$1,734,669

**MODIFIED LEVEL SERVICES: Education** The modification is for a copier with expected costs in excess of \$18,000, which is proposed to be amortized over a five year period with annual payments of \$5,000.

FTE 5% Reduction Reinstatement of 2.92 FTE and \$89,616 of the

3.70 FTE and \$130,697 reductions in compliance with HB2. Not restored is 0.78 FTE \$46,081. MSDB was again requesting to restore the position of a Career Education Coordinator reduced during the 1987 legislative session. However, this position was not part of the 5% reduction submitted by MSDB.

## POLICY INITIATIVE A

The school should become a Medicaid provider and be reimbursed for all qualifying services.

*All MSDB services receive general fund*

Currently, all hearing-and visually-impaired related services provided by MSDB are paid for with 100% general fund. In meetings of representatives from MSDB, SRS and the budget office, it has been determined that at least some of the specialized services provided by the school--screening, audiology testing, psychological and professional counseling, orientation and mobility training, language skills, communications training, vocational orientation, compensatory skills, independent living skills and medical care--would qualify for Medicaid reimbursement of 71 cents federal revenue per \$1 spent.

*Many would qualify for Medicaid reimbursement--Some at 71%, others at 50%*

Some of these services are provided to the approximately 104 students on campus; others are provided through the rapidly-increasing outreach services provided statewide by MSDB. As a result of changes in education and parents' desire to have their children served closer to home, the school provides services to students, parents and personnel of local school districts. These eligible outreach services would be reimbursed on a 50:50 match.

*School should become a Medicaid provider*

This new policy direction for the school to become a Medicaid provider would mean that all services which are eligible for reimbursement would be billed. Of the 104 campus students, at least 49 are known to be Medicaid eligible, and others may be covered. Insurance would be billed first for services provided to the remaining students; the Health Care for Montanans Policy Initiative (see SRS narrative) would establish a trust to expand the insurance coverage available for low-income children.

It is conservatively projected that the Medicaid and third-party reimbursement generated from adoption of this policy would be \$75,000 each year of the biennium. A recommended budget modification reduces the general fund and increases federal special revenue by this amount.

*General fund savings:  
\$75,000 per year  
Incentive 25 cents on each \$1*

In addition, the following language is recommended for MSDB in the general appropriations act: "MSDB is granted an exception to 17-2-108, MCA, which requires a decrease of the general fund appropriation of an agency by the amount of money received from federal sources in excess of the appropriation in an appropriation act. For each Medicaid/third-party dollar received by MSDB in excess of the \$75,000 appropriated, seventy-five cents of general fund shall be reduced and the remaining twenty-five cents shall be appropriated as an incentive for management of the new policy.

## POLICY INITIATIVE B

Federal Chapter I funds diverted by federal regulations from MSDB to OPI for local school districts should continue to be used to pay for sensory impaired services provided by the school.

*\$800,00 federal funds go to local schools instead of MSDB each year*

Over the last decade, the Montana School for the Deaf and the Blind (MSDB) has lost approximately \$800,000 of Chapter I federal revenue per year due to formula changes at the federal level. Chapter I funding to the state has not decreased. Rather, the federal funds now go to local school districts for the sensory impaired students who are living at home and attending or preparing to attend local schools.

*Outreach services from MSDB more cost effective than each district purchasing equipment*

MSDB has been notified by the Office of Public Instruction that federal funds allocated for the school's outreach services will be eliminated in the 1995 biennium. As the federal revenue decreased, the state backfilled the MSDB budget with general fund so the school could continue to provide services to these students in local districts across the state. Currently, MSDB employs four itinerant consultants and about 17 parent/infant advisors who serve 164 visually-impaired students and 36 hearing-impaired infants who reside in their home school districts. The parent advisors work with parents on early language stimulation of their hearing impaired infants.

Through outreach services, the school provides large print/braille materials, brailers, specialized adaptive equipment and education supplies, consultation with district personnel on developing a student's individualized education plan and consultation with the student's parents. It is not cost effective for many local school districts to employ the specialized staff or purchase the equipment required to provide such services. Yet, the federal funds which supported these services now must be allocated to the local districts. It is important that children receive such services in their home school districts, not only because there is support from family, friends and community, but also because local services are far less-costly than the MSDB residential program in Great Falls.

*MSDB should charge fee General fund savings: \$256,978 per year*

Therefore, this initiative recommends that MSDB charge the local school districts a fee commensurate-with-cost for its outreach services. Enabling legislation will be introduced to clarify the fees and deposit of them to a state special revenue account. It is estimated that approximately \$256,978 in general funds savings will be realized each year of the 1995 biennium.



# Advisory Council for Vocational Education

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	2.50	2.50	2.50	.00	2.50	.00
Personal Services	80,706.60	89,660	93,481	0	93,578	0
Operating Expenses	63,885.33	83,384	70,769	0	68,163	0
Equipment	4,784.86	500	1,007	0	4,040	0
<b>Total Agency Costs</b>	<b>\$149,376.79</b>	<b>\$173,544</b>	<b>\$165,257</b>	<b>\$0</b>	<b>\$165,781</b>	<b>\$0</b>
Federal Special Revenue Fund	149,376.79	173,544	165,257	0	165,781	0
<b>Total Funding</b>	<b>\$149,376.79</b>	<b>\$173,544</b>	<b>\$165,257</b>	<b>\$0</b>	<b>\$165,781</b>	<b>\$0</b>
Administration Program	149,376.79	173,544	165,257	0	165,781	0
<b>Total Program Costs</b>	<b>\$149,376.79</b>	<b>\$173,544</b>	<b>\$165,257</b>	<b>\$0</b>	<b>\$165,781</b>	<b>\$0</b>

**MISSION STATEMENT:** To effectively carry out the mandated responsibilities set forth in Public Law 101-392, Section 112, of the Carl D. Perkins Vocational and Applied Technology Education Act of 1990.

# Fire Services Training School

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994		Fiscal Year 1995	
			Current Level	Mod's/Policy	Current Level	Mod's/Policy
Full Time Equivalent Employees	5.22	5.44	5.44	.00	5.44	.00
Personal Services	191,866.54	191,893	218,340	0	221,636	0
Operating Expenses	37,968.55	34,377	41,255	0	38,601	0
Equipment	18,854.03	0	246	0	9,646	0
<b>Total Agency Costs</b>	<b>\$248,689.12</b>	<b>\$226,270</b>	<b>\$259,841</b>	<b>\$0</b>	<b>\$269,883</b>	<b>\$0</b>
General Fund	0.00	0	259,841	0	269,883	0
Current Unrestricted Fund	248,689.12	226,270	0	0	0	0
<b>Total Funding</b>	<b>\$248,689.12</b>	<b>\$226,270</b>	<b>\$259,841</b>	<b>\$0</b>	<b>\$269,883</b>	<b>\$0</b>
Public Service	248,689.12	226,270	259,841	0	269,883	0
<b>Total Program Costs</b>	<b>\$248,689.12</b>	<b>\$226,270</b>	<b>\$259,841</b>	<b>\$0</b>	<b>\$269,883</b>	<b>\$0</b>

**MISSION STATEMENT:** To facilitate the education, training and professional development of the fire services in Montana to meet or exceed the standards adopted by the Fire Services Training Advisory Council.



# **LONG-RANGE PLANNING**





# Long Range-Building Plan

	FY1992 Actual	FY1993 Appropriated	Fiscal Year 1994			Fiscal Year 1995		
			Current Level	Mods/Policy	Total	Current Level	Mods/Policy	Total
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Equipment	602,725.00	0	0	0	0	0	0	0
Capital Outlay	6,608,755.52	0	0	0	0	0	0	0
Grants	7,500.00	0	0	0	0	0	0	0
Transfers	249,276.86	0	0	0	0	0	0	0
Debt Service	1,062.00	0	0	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$7,469,319.38</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	609,398.00	0	0	0	0	0	0	0
State Special Revenue Fund	1,284,962.48	0	0	0	0	0	0	0
Federal Special Revenue Fund	1,124,385.03	0	0	0	0	0	0	0
Capital Projects Fund	4,421,149.71	0	0	0	0	0	0	0
Proprietary Fund	29,424.16	0	0	0	0	0	0	0
<b>Total Funding</b>	<b>\$7,469,319.38</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Departments & Agencies	4,952,895.42	0	0	0	0	0	0	0
University System	1,932,755.84	0	0	0	0	0	0	0
Institutions	583,668.12	0	0	0	0	0	0	0
<b>Total Program Costs</b>	<b>\$7,469,319.38</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## LONG-RANGE BUILDING PROGRAM

The Long-Range Building Program (LRBP) was initiated in 1965 to provide funding for construction and maintenance of state buildings and grounds. The program was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for the purpose of capital construction and maintenance of state-owned facilities.

recommendations by agency. The long-range building program fund (LRBPF) or "cash" account receives 29.11% of the cigarette taxes authorized in 16-11-111, MCA. In addition, Architecture & Engineering Division supervisory fees, interest earnings and the account balance are credited to this account. The projects recommended to be funded in whole or in part from the state LRBPF number 20 and total \$5,768,536 for the biennium.

### Cash Building Program Recommendations

Table 1 summarizes the 1995 biennium cash building program

**Table 1**  
**Total Long-Range Building Program**  
**Distribution by Agency**  
**1995 Biennium Recommendations**

<u>Agency</u>	<u>LRBPF Revenue</u>	<u>State Special Revenue</u>	<u>Federal Special Funds</u>	<u>Other Funds</u>	<u>Total</u>
Administration	1,385,000	0	800,000	1,800,000	3,985,000
Corrections & Human Services	645,180	0	0	0	645,180
Family Services	920,500	0	0	0	920,500
Fish, Wildlife & Parks	0	14,734,715	3,936,785	0	18,671,500
Livestock	0	1,198,000	0	0	1,198,000
Transportation	0	2,000,000	0	0	2,000,000
University System	2,425,664	0	0	3,561,000	5,986,664
All Other Agencies	<u>392,192</u>	<u>60,000</u>	<u>980,150</u>	<u>0</u>	<u>1,432,342</u>
Total	<u>5,768,536</u>	<u>17,992,715</u>	<u>5,716,935</u>	<u>5,361,000</u>	<u>34,839,186</u>

Examples of other major "cash" funding sources include the Department of Fish, Wildlife and Parks license fees state special revenue and university system auxiliary funds. These other cash sources total \$29,070,650 and the total program recommended for the biennium is \$34,839,186. There are 53 projects prioritized for inclusion in the program, which will be presented in a separate report and included in HB5, the capital projects bill.

**PRIORITY LISTING**  
**CAPITAL CONSTRUCTION PROGRAM PROPOSAL**  
**FUNDED WITH CURRENT REVENUES**  
**1994 - 1995 BIENNIUM**

<u>PRIORITY</u>	<u>AGENCY/PROJECT</u>	<u>LRBPF</u>	<u>State Special Revenue Funds</u>	<u>Federal Special Revenue Funds</u>	<u>Other Funds</u>	<u>TOTAL</u>
<b>LONG RANGE BUILDING PROGRAM</b>						
1.	Upgrade Fire Safety Systems, DC&HS Walkway, EHCS 50,000 Receiving Hospital, MSH 100,000	\$150,000				\$150,000
2.	Install Fire Safety Systems, DFS	627,000			627,000	
3.	Upgrade Boiler #3, MSU	519,000			\$346,000	865,000
4.	Miscellaneous Repairs, DFS	143,500				143,500



**PRIORITY LISTING**  
**CAPITAL CONSTRUCTION PROGRAM PROPOSAL**  
**FUNDED WITH CURRENT REVENUES**  
**1994 - 1995 BIENNIUM**

<b>PRIORITY</b>	<b>AGENCY/PROJECT</b>	<b>LRBPF</b>	<b>State Special Revenue Funds</b>	<b>Federal Special Revenue Funds</b>	<b>Other Funds</b>	<b>TOTAL</b>
	Replace Spruce Cottage Boiler, MVS 40,500					
	Upgrade Coolers, PHS 13,000					
	Handicapped Access Admin. Bldg., PHS 34,000					
5.	Environmental Hazards Fund	850,000				850,000
	Life Sciences Asbestos, UM 100,000					
	UST Upgrades 650,000					
	Capitol Bldg. Asbestos 100,000					
6.	Electrical Upgrades, TECH	130,000				130,000
7.	Improve Steam & Condensate Line, MSU	450,000			300,000	750,000
8.	University System Roofs	666,564				666,564
	Physical Plant, EMC 75,000					
	Elrod & Support Bldgs, Yellow Bay, 115,000					
	Bldg. 32, UM 157,000					
	McCall Hall, MSU 80,000					
	Donaldson Bldg., HVT 239,564					
9.	Dept. of C&HS Roofs	140,000				140,000
	Galen Cafeteria, MSH 90,000					
	Warren Bldg., MSH 50,000					
10.	Demolition Projects	187,600				187,600
	Mill Bldg. Stack, TECH 37,600					
	Crazy Horse/Lewis & Clark Lodges, PHS 150,000					
11.	Handicapped Access, D of A	230,000				230,000
12.	Install Elevator, LA Bldg., UM	280,000				280,000
13.	Install Elevator Old Main, WMC	242,500				242,500
14.	A&E Construction Litigation	200,000				200,000

**PRIORITY LISTING**  
**CAPITAL CONSTRUCTION PROGRAM PROPOSAL**  
**FUNDED WITH CURRENT REVENUES**  
**1994 - 1995 BIENNIIUM**

PRIORITY	AGENCY/PROJECT	LRBPF	State Special Revenue Funds	Federal Special Revenue Funds	Other Funds	TOTAL
15.	Environmental Controls, Center for the Aged	355,180				355,180
16.	Repairs & Improvements, Military Affairs	185,000				185,000
	Reroof Billings Armory 50,000					
	Rifle Range Lead Removal 75,000					
	Upgrade Boilers/Furnaces 60,000					
17.	Improve Parking Lots, D of A	120,000				120,000
18.	Maintenance & Improvements, MSD&B	107,192				107,192
	Parking Lots 55,913					
	Kitchen Temperature Control 28,350					
	Install Door Openers 22,929					
19.	Historical Society Climate Control	85,000				85,000
20.	Various Maintenance Projects, DSL	100,000				100,000
	<b>LONG RANGE BLDNG PROG FUND</b>	<b>5,768,536</b>	<b>0</b>	<b>0</b>	<b>646,000</b>	<b>6,414,536</b>
	<b>SUBTOTAL</b>					
	<b>DEPARTMENT OF ADMINISTRATION</b>					
21.	SRS Commodities Warehouse Investment				800,000	800,000
22.	Energy Conservation Projects, Statewide			\$800,000	1,000,000	1,800,000
	<b>DEPT OF ADMINISTRATION SUBTOTAL</b>	<b>0</b>	<b>0</b>	<b>800,000</b>	<b>1,800,000</b>	<b>2,600,000</b>
	<b>DEPARTMENT OF FISH, WILDLIFE AND PARKS</b>					
23.	Flathead Lake State Park Improvements		\$596,215	403,785		1,000,000
24.	Makoshika State Park Improvements		1,180,000	320,000		1,500,000

**PRIORITY LISTING**  
**CAPITAL CONSTRUCTION PROGRAM PROPOSAL**  
**FUNDED WITH CURRENT REVENUES**  
**1994 - 1995 BIENNium**

PRIORITY	AGENCY/PROJECT	LRBPF	State Special Revenue Funds	Federal Special Revenue Funds	Other Funds	TOTAL
25.	Bannack State Park Preservation		2,000,000			2,000,000
26.	Lake Elmo State Park Improvements		350,000			350,000
27.	Ulm Pishkun State Park Planning		200,000			200,000
28.	State Parks Road Improvements		1,800,000			1,800,000
29.	Warehouse Code Upgrade & Improvements		113,000			113,000
30.	Washoe Park Trout Hatchery Improvements		175,000	525,000		700,000
31.	Bearpaw Dam Upgrade		175,000	525,000		700,000
32.	Fishing Access Site Development		315,000	745,000		1,060,000
33.	Fish Hatchery Maintenance		96,750	290,250		387,000
34.	Wildlife Habitat Maintenance		630,000			630,000
35.	Headquarters Repair		200,000			200,000
36.	Design Bluewater Hatchery Replacement		112,500	337,500		450,000
37.	Oxygenate Giant Springs Hatchery Water		171,750	515,250		687,000
38.	Waterfowl Stamp Program		87,500	75,000		162,500
39.	Department Property Development		210,000			210,000
40.	Big Creek Irrigation Projects			200,000		200,000
41.	River Restoration		206,000			206,000
42.	Fishing Access Site Acquisition		643,000			643,000
43.	Wildlife Habitat Acquisition		5,360,000			5,360,000
44.	Bighorn Sheep Program		113,000			113,000
	<b>DEPT OF FISH WILDLIFE &amp; PARKS</b>		<b>0</b>	<b>3,936,785</b>	<b>0</b>	<b>18,671,500</b>
	<b>SUBTOTAL</b>					
	<b>DEPARTMENT OF LABOR AND INDUSTRY</b>					
45.	Expand and Renovate Job Services Statewide			346,750		346,750
	Great Falls Supplemental 100,000					



**PRIORITY LISTING**  
**CAPITAL CONSTRUCTION PROGRAM PROPOSAL**  
**FUNDED WITH CURRENT REVENUES**  
**1994 - 1995 BIENNIIUM**

PRIORITY	AGENCY/PROJECT	LRBPF	State Special Revenue Funds	Federal Special Revenue Funds	Other Funds	TOTAL
	Miles City Addition 94,500					
	Shelby Remodel 47,250					
	Polson Remodel/Purchase 105,000					
46.	Maintain Job Services Statewide Furnace and Air Conditioning Replacements 117,000 Roof Repairs 64,000 Parking Lots 48,400 Carpet Replacements 44,000			273,400		273,400
	<b>DEPT OF LABOR AND INDUSTRY SUBTOTAL</b>	0	0	620,150	0	620,150
	<b>DEPARTMENT OF LIVESTOCK</b>					
47.	Diagnostic Laboratory Enhancement		1,198,000			1,198,000
	<b>DEPARTMENT OF MILITARY AFFAIRS</b>					
48.	Phase III, State Veterans' Cemetery		60,000	60,000		120,000
49.	Federal Spending Authority			300,000		300,000
	<b>DEPT OF MILITARY AFFAIRS SUBTOTAL</b>	0	60,000	360,000	0	420,000
	<b>DEPARTMENT OF TRANSPORTATION</b>					
50.	Repair, Maintenance & Minor Construction Projects		630,000			630,000
51.	Equipment Buildings Statewide		1,370,000			1,370,000
	<b>DEPT OF TRANSPORTATION SUBTOTAL</b>	0	2,000,000	0	0	2,000,000
	<b>MONTANA UNIVERSITY SYSTEM</b>					
52.	University of Montana Authority Only Projects Student Bldg. Fee Projects 400,000				2,850,000	2,850,000



## POLICY INITIATIVE

One-quarter cent of the fuel tax increase should be directed to improving state park road systems, county connecting roads and parking lots.

*Visitation to state parks is accelerating dramatically*

Since the State Parks Division was transferred from the former Highway Department to the former Fish and Game Department in 1965, very little road improvement work has been done on the system due to inadequate funding. Visitation to state parks has increased significantly, by about 10% per year, from 1980 to 1991. State travel and tourism promotion is accelerating visitation dramatically in the current biennium.

*Poor condition of road system creates a hazard*

The poor condition of the state park road system creates a hazard to park visitors who can no longer safely travel many park roads. Park roads are becoming a deterrent to tourism because visitors get a bad impression of Montana from impassable roads which cause damage to cars and expensive recreational vehicles. Complaints about roads are now one of the top two grievances received by state parks personnel; the other being undesirable restroom facilities.

*Local residents must put up with dust and deteriorating access to homes*

Montana residents have the same frustration because county connecting roads get heavy use due to the state park attraction, but no funds are provided to help alleviate this county burden. Local residents must put up with dust and deteriorating access to their homes near state parks.

*Disabled and elderly often are denied access*

Disabled and elderly often are denied access to parks due to lack of adequate paved parking areas and restroom access. This situation violates the Americans With Disabilities Act requirements and limits the enjoyment of our state treasures to those who can overcome the barriers.

*1/4 cent fuel tax investment will more than pay for itself in tourism income*

An 1/4 cent fuel tax investment in our state parks roads and parking lots will more than pay for itself in increased fuel purchases and tourism income. It also will provide better access for all Montanans and their visitors to our state historic, cultural and recreational wonders. The investment will lead to a better partnership with counties and local government.

*Approximately \$1.25 million per year*

Total funding from the initiative would be approximately \$1.25 million per year. Projects would be appropriated in Long-Range Planning (HB5). Recommended highest priorities for the 1995 biennium are Lewis and Clark Caverns entrance to visitor center and parking lot; Bannack access road from state highway; Cooney; and matching funds to counties for county access roads to parks.

*Lewis and Clark; Bannack; Cooney; and counties*



# RIT Grants and Loans

Five Accounts Receiving Resource Indemnity Trust Interest 1995 Biennium Revenue and Appropriations						
Account Identification	Water Development	Renewable Resources	Reclamation/ Development	Haz Waste/ CERCLA	Environmental Quality Protect	1995 Biennium TOTAL
Accounting Entity Percent of RIT Interest Revenue	02435 30%	02436 8%	02458 46%	02070 12%	02162 4%	
Beginning Balance	\$932,957	\$0	\$0	\$1,241,749	\$1,402,813	
RIT Interest	5,119,649	1,365,240	7,850,129	2,047,860	682,620	17,065,498
Coal Tax for Bond Fund (0.475)	391,750	391,750	0	0	0	783,500
Loan Repayments/Cost Recovery	1,186,651	152,180	0	0	0	1,338,831
Interest Income (STIP & Bonds)	0	0	0	100,000	110,000	210,000
Administrative Fees	10,000	0	0	0	0	10,000
State-Owned Project Revenue	538,604	0	0	0	0	538,604
<b>Total Funds Available</b>	<b>8,179,611</b>	<b>1,909,170</b>	<b>7,850,129</b>	<b>3,389,609</b>	<b>2,195,433</b>	<b>19,946,433</b>
<b>Executive Recommendations</b>						
Bond Debt Service	1,400,373	433,900	0	0	0	1,834,273
DNRC Centralized Services-HB2	299,397	46,114	300,600	0	0	646,111
DNRC Conserv & Resource Dev-HB2	615,610	452,926	1,095,750	0	0	2,164,286
DNRC Water Programs-HB2	1,776,926	0	1,971,846	0	0	3,748,772
DNRC/Reserv Water Rights Compact-HB2	0	0	672,295	0	0	672,295
Water Storage Rehab Projects-HB2	1,785,000	0	0	0	0	1,785,000
Ownership Transfer-HB2	125,088	0	0	0	0	125,088
Missouri River Reservations	323,749	0	0	0	0	323,749
Weather Seeding (N.D.)-HB2	20,000	0	0	0	0	20,000
Water Courts-HB2	1,035,150	0	0	0	0	1,035,150
DSL Reclamation-HB2	0	0	1,937,695	0	0	1,937,695
DHES Environmental Sciences-HB2	0	0	0	2,253,140	1,040,869	3,294,009
Library Commission NRIS Program-HB2	0	199,999	177,000	0	0	376,999
Environmental Quality Council-HB2	0	0	0	0	0	0

**Five Accounts Receiving Resource Indemnity Trust Interest  
1995 Biennium Revenue and Appropriations**

Account Identification	Water Development	Renewable Resources	Reclamation/ Development	Haz Waste/ CERCLA	Environmental Quality Protect	1995 Biennium TOTAL
<b>Accounting Entity Percent of RIT Interest Revenue</b>	<b>02435 30%</b>	<b>02436 8%</b>	<b>02458 46%</b>	<b>02070 12%</b>	<b>02162 4%</b>	
Pay Plan-HB8	32,259	5,111	43,048	13,238	3,207	96,863
HB6-Water Loans & Combined Grants	0	0	0	0	0	0
HB7-Reclamation & Development Grants	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>7,413,552</b>	<b>1,138,050</b>	<b>6,198,234</b>	<b>2,266,378</b>	<b>1,044,076</b>	<b>18,060,290</b>
Water Storage (25% of balance)	191,515	192,780	0	0	0	384,295
Available for Grants	574,544	578,340	1,651,895			2,804,779
<b>Projected Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,123,231</b>	<b>\$1,151,357</b>	<b>N/A</b>

## RESOURCE INDEMNITY TRUST FUND

The resource indemnity trust fund (RIT) was established in 1973. Earnings from the RIT are to be used "to improve the total environment and rectify damage thereto," pursuant to 15-38-203, MCA. Funding to implement this policy is derived from a tax on mineral production and interest earnings to the established trust fund.

When the trust fund reached \$10 million in 1978, all earnings on the trust began to be appropriated in accordance with 15-38-202, MCA. Once the trust reaches \$100 million, projected in FY96, both the interest and tax proceeds can be appropriated.

Trust fund earnings are designated for a number of different programs. First, there is a statutory appropriation of \$175,000 at the beginning of each biennium for the Governor's environmental contingency account which must be used to meet unanticipated public needs when the public welfare or natural environment is threatened in accordance with 75-1-1101, MCA. Second, there is a statutory appropriation of \$50,000 at the beginning of each biennium to the oil and gas production damage mitigation account. The remaining trust fund earnings have been allocated as shown on the table above since FY90. Recent historical data and projections on the tax collections, interest earnings and fund balances are shown below.

Resource Indemnity Trust Fund				
Collections, Interest Earnings and Trust Fund Balance				
FY89 - FY95				
Year	Tax Collection	Interest Earnings	Total Revenue	Trust Balance
FY89	\$4,782,041	\$6,858,164	\$11,772,203	\$66,665,000
FY90	6,037,436	7,472,755	13,510,194	72,811,618
FY91	4,527,134	8,260,873	12,788,007	77,324,921
FY92	5,164,977	8,245,913	13,410,890	82,489,898
FY93E	5,012,489	8,039,012	13,051,501	87,502,387
FY94E	4,855,568	8,436,848	13,292,416	92,357,955
FY95E	4,927,161	8,832,649	13,759,810	97,285,116



## WATER DEVELOPMENT/RENEWABLE DEVELOPMENT GRANT AND LOAN PROGRAMS

The Water Development (WD) Program was established in 1981 and the Renewable Resource Development (RRD) Program was established in 1975. The purpose of the WD program is to promote and advance the beneficial use of water and allow the citizens of Montana to achieve full use of state water by providing grant and loan financing for water development projects and activities. Governmental and private entities are eligible for funding. The legislature approves all funding for governmental entities and the Department of Natural Resources and Conservation (DNRC) approves all funding for private entities. The purpose of the RRD program is to provide financial assistance for the conservation, protection and development of renewable resources in Montana. The RRD program is available only for governmental entities and all projects are approved by the legislature.

Funding sources for the WD grants include 0.475% of the gross proceeds of the coal severance tax and a portion of the 30% of RIT interest. WD revenues are used to finance agency water development programs consistent with substantive law and related administrative costs; approved projects based upon priority ranking established by the legislature and consistent with proposed legislation; and 25% of the revenues available for grants are allocated for water storage projects.

Funding sources for the RRD grants include 0.475% of the gross proceeds of the coal severance tax and a portion of the 8% of RIT interest. RRD revenues are used to finance department programs

consistent with substantive law and related administrative costs; approved projects based upon priority ranking established by the legislature; and 25% of the revenues available for grants are allocated for water storage projects.

The WD loan program has \$10 million general obligation bonding authority and \$250 million coal severance tax bonding authority. To date \$4.65 million in general obligation bonds have been issued. These are used primarily to fund the private loan program which the DNRC administers. The state has issued \$56,050,000 in coal severance tax bonds and anticipates selling another \$9,375,000 in coal severance tax bonds in December 1992. The largest coal severance tax bond sold, \$25.3 million, was used to fund the Broadwater project at Toston. The remaining bonds were sold to finance municipal water and sewer projects and irrigation projects.

The WD and RRD programs have unique aspects; however, both provide funding for natural resource projects. Because of these similarities, the two programs have been administered as essentially one for the past three biennia. A single ranking list combining applications qualifying for each program is being recommended.

The amount available for grants in the 1995 biennium executive budget is \$1,152,884. Funds for projects will be appropriated in HB6. The amount reserved for water storage is \$384,295. Recommendations are listed in priority order below.

# WATER DEVELOPMENT & RENEWABLE RESOURCE DEVELOPMENT PROGRAMS

## 1995 Biennium Project Recommendations

Applicant	Project Name	Recommended		Cumulative
		Grant Funding	Loan Funding	Grant Funding
Malta Irrigation Dist.	Water Use Efficiency Improvements	\$ 50,000	\$50,000	\$50,000
Richland County	Dam Evaluation and Design	60,300	0	110,300
MT DNRC - Water Resources Division	Characteristics of Extreme Precip.	100,000	0	210,300
Town of Ryeagate	Water System Improvement	33,750	66,250	244,050
Yellowstone County	Yellowstone River Project	100,000	0	344,050
Stockett/Cascade Water & Sewer Dist.	Sewer System	50,000	150,000	394,050
MT State University, Water Course	Innovative Water Resource Education	94,900	0	488,950
Butte-Silver Bow Local Government	Municipal Compost Production	50,000	49,864	538,950
Darby School Dist. No. 9	School Park Project	25,300	0	564,250
MT Department of State Lands	Reforestation Projects on State Lands	21,974	0	586,224
Huntley Water And Sewer Dist.	Water System Rehabilitation	50,000	50,000	636,224
Ruby Valley Conservation Dist.	Upper Ruby Riparian Area Improvements	100,000	0	736,224
Butte-Silver Bow Local Government	Blacktail Creek Restoration Project	100,000	0	836,224
MT Bureau of Mines & Geology	Groundwater Protection/Education	94,184	0	930,408
Town of Winnett	Sewer Reconstruction and Rehabilitation	50,000	50,000	980,408
Fort Peck Rural Water Dist.	Water Engineering Study	40,000	0	1,020,408
Town of Dutton	Water System Improvement	50,000	0	1,070,408
Petroleum County	Crooked Creek Recreation Center	50,000	50,000	1,120,408
East Glacier Water And Sewer Dist.	Midvale Diversion Structure	25,905	76,537	1,146,313
Town of NASHUA	Water Storage System Improvements	50,000	0	1,196,313
Carbon County	Water System Improvements	50,000	50,000	1,246,313
Chinook Division Irrigation Assoc	Irrigation Water Measuring Devices	34,217	65,783	1,280,530
Chinook Division Irrigation Assoc	Repair of Lohman Dam	36,173	63,827	1,316,703
Liberty County Conservation Dist.	Sweetgrass Hills Groundwater Evaluation	100,000	0	1,416,703
Custer County	County Recycling Project	4,725	0	1,421,428
Town of Circle	Water Quality Improvement Project	15,000	0	1,436,428
Eastern Sanders Conservation Dist.	Accelerate Soil Survey on Forestlands	99,000	0	1,535,428
MT Institute of Tourism & Recreation	Study of the Impact of Tourism	35,494	0	1,570,922
Town of Hot Springs	Camas Therapy Center	100,000	0	1,670,922
Glasgow Irrigation Dist.	Installation Headgate Measuring Devices	50,000	50,000	1,720,922
Hilger County Water and Sewer Dist.	Sewage and Collection Treatment Facilities	50,000	50,000	1,770,922

(Continued)

**WATER DEVELOPMENT & RENEWABLE RESOURCE DEVELOPMENT PROGRAMS**  
**1995 Biennium Project Recommendations**

Applicant	Project Name	Grant Funding	Recommended Loan Funding	Cumulative Grant Funding
Valley County	Fort Peck Breakwater	100,000	0	1,870,922
Mile High Conservation Dist.	Radon Assessment of Montana's Aquifers	99,812	0	1,970,734
MT DNRC Water Resources Field Office	Flathead Valley Coop. Groundwater Study	100,000	0	2,070,734
Missoula Urban Transportation Dist.	Alternative Fuels Initiative	56,185	0	2,126,919
Little Beaver Conservation Dist.	Water Reservations Implementation	47,318	0	2,174,237
Ravalli County	Groundwater Vulnerability Assessment	88,340	0	2,262,577
Yellowstone County	Rural Water System Development	85,000	0	2,347,577
MT State University	Guide to Montana Water Law	31,740	0	2,379,317
Hill County	Salinity Control Project	50,000	50,000	2,429,317
Roosevelt County Conservation Dist.	Recreational Enhancement of Missouri River	7,000	0	2,436,317
Fort Shaw Irrigation Dist.	"A" System Diversion	50,000	0	2,486,317
Dodson Irrigation Dist.	Water Use Efficiency Improvements	31,569	31,326	2,517,886
Fort Shaw Irrigation Dist.	Rehabilitation and Betterment Study	50,000	0	2,567,886
Flathead Joint Board of Control	Fish Friendly Irrigation	44,500	54,500	2,612,386
Whitefish County Water & Sewer Dist.	Protection of Swift Creek Pilot Project	13,921	37,485	2,626,307
Big Horn Conservation Dist.	Rocky Ranch Deep Well Restoration	0	0	2,626,307
City of Dillon	Water Treatment Plant	0	0	2,626,307
Fergus County	Well Revitalization Project	0	0	2,626,307
Madison County	Integrated Waste Program	0	0	2,626,307
Meagher County Conservation Dist.	South Side Canal Lining Project	0	0	2,626,307
MT Bureau of Mines & Geology	Evaluation of Geothermal Resources	0	0	2,626,307
City of Polson	Reservoir Reconstruction	0	0	2,626,307
City of Shelby	Water Supply Development	0	0	2,626,307
Total Loans Recommended			\$995,572	



## RECLAMATION AND DEVELOPMENT GRANTS

The reclamation and development grants account is funded from a portion of the 46% of the interest income from the RIT trust pursuant to 15-38-202, MCA. The statute sets out the criteria and procedures for grants. Separate legislation (HB7) will be introduced to appropriate the funds for projects and to establish legislative

priorities. The executive budget projects that \$1,651,895 will be available for grants. Prioritized grants recommended as part of the executive budget are listed below.

Applicant	Project Name	Recommended Funding	Cumulative Total
1 Board of Oil & Gas Conservation	Kevin-Sunburst Plugging & Reclamation Project	299,000	299,000
2 Board of Oil & Gas Conservation	Cat Creek Plugging & Reclamation Project	214,810	513,810
3 Governor/Lt. Governor's office	Montana Office of Public Policy Dispute Resolution	127,667	641,477
4 Town of Walkerville	Walkerville Reclamation Project	75,569	717,046
5 Dept. of State Lands	Well Assessment and Abandonment -- Oil and Gas	211,800	928,846
6 Broadwater Conservation District	Whites Gulch Placer Mine Reclamation Project	296,300	1,225,146
7 Toole County	North Toole County Oil Field Reclamation Project	294,284	1,519,430
8 Dept. of Fish, Wildlife, And Parks	Elk Creek Placer Mined Channel Reconstruction	72,850	1,592,280
9 Town of Columbus	Waste Stream Reduction -- Oil Recycling	41,172	1,633,452
10 Montana Salinity Control Association	Soil and Water Nonpoint Source Pollution Control	172,250	1,805,702
11 Carbon Conservation District	RC&D's Affecting Change Through Local Leadership	300,000	2,105,702
12 Dept. of Health & Environmental Sciences	Nonpoint Source Pollution Control in Montana	300,000	2,405,702
13 Bureau of Mines & Geology	Acid-mine drainage prevention, control, and treatment	148,623	2,554,325
14 Jefferson Valley Conservation District	Crystal Mine Remediation Technology Demonstration	150,000	2,704,325
15 Deer Lodge Valley Conservation District	Developing Acid/Heavy Metal-Tolerant Cultivars	137,700	2,842,025
16 Glacier County Conservation District	Comprehensive Eval of Groundwater Contamination	214,059	3,056,084
17 Valley County	Fort Peck Reservoir Breakwater	300,000	3,356,084
18 Dept. of Natural Resources & Conservation	Arsenic Transport & Mobility	50,000	3,406,084
19 Ravalli County	A Lake for Better Water Quality	300,000	3,706,084
20 Butte-Silver Bow	Mitigation of Mining/Smelting damage--Urban Forestry	150,000	3,856,084
21 Town of Hot Springs	Camas Therapy Center	150,000	4,006,084
Butte-Silver Bow	Development of Mine Subsidence Insurance Program	\$0	\$4,006,084
Crow Tribe	Lodge Grass School Coal Mine /Gravel Pit Reclamation	\$0	\$4,006,084
Department of State Lands	Expansion of the Department of State Lands GIS	\$0	\$4,006,084
Gallatin County	West Gallatin River - Flood Control	\$0	\$4,006,084
Montana State University	Soil Moisture Modeling in Reclaimed Landscapes	\$0	\$4,006,084
Pondera County Conservation District	Lake Francis Shoreline Rehabilitation Project	\$0	\$4,006,084
Richland County Conservation District	Water Development and Management	\$0	\$4,006,084
Sheridan County Conservation District	Extent of Oil Field Waste Contamination	\$0	\$4,006,084

## CULTURAL AND AESTHETIC GRANT PROGRAM

The Cultural and Aesthetic Grant Program began in the 1979 biennium. Funding for the program comes from coal tax interest earnings generated by the cultural trust fund. As provided in 15-35-108(3)(j), MCA, income from this nonexpendable trust are "for protection of works of art in the state capital and other cultural and aesthetic projects". The program, initially administered by the Montana Historical Society, began with a single project aimed at restoration of mural paintings in the Capitol building.

In the 1985 biennium, administration of the program was transferred to the Montana Arts Council, and the legislature funded 39 projects. Because of rapid program growth, the Montana Arts Council developed a formal application process.

This process continues and includes extensive review work by a citizens' advisory panel. The panel recommendations are submitted to the legislature for consideration. Utilizing the panel recommendations, the legislature appropriates the available funds for various projects.

The corpus of the trust is approximately \$7 million as of July 1, 1992. Since its inception, the program has been authorized to spend \$8.5 million in trust fund earnings. It is projected there will be \$1,516,000 interest earnings plus a potential \$250,575 carryover available for appropriation during the 1995 biennium. The table below lists the total appropriations, amounts expended, and the number of projects for the 1979 through 1995 biennia.

HISTORY OF CULTURAL & AESTHETIC PROJECTS			
Biennium	Appropriated	Expended	Projects
1979	\$50,000	\$50,000	1
1981	140,000	140,000	3
1983	641,680	602,042	15
1985	823,479	810,704	39
1987	1,476,511	1,414,114	63
1989	1,211,817	1,099,290	52
1991	1,298,788	1,184,661	72
1993	1,551,323	1,549,823 est	94
1995 recommend	1,766,575		102

In addition to projects, the executive budget recommends \$149,942 for administration to be funded from the interest earnings, consistent with legislative action in recent biennia. Also recommended as modifications to the agency budget from this source are \$71,798 to fund the Folklife Program and \$49,058 to fund half of the Rural Arts Program specialist, with the other half

funded from federal revenue.

Total recommendations are \$1,333,255 for 102 projects and \$270,798 for administration and Montana Arts Council programs, for a total of \$1,604,053. Assuming the projected carryover from

the current biennium, the potential balance for further legislative consideration is about \$162,500.

The prioritized list of projects as requested and as recommended by total, are shown below. For the first time, projects are grouped

into five categories: (1) special projects \$4,500 or less, (2) special projects, (3) operational support, (4) capital expenses, and (5) endowment development. The purpose of the categories is to enable faster and more effective consideration by the Long-Range Planning Appropriations Subcommittee.

### CULTURAL AND AESTHETIC GRANTS RECOMMENDATIONS

Rank	Request #	Project	Request	CAPCA Recommend	Cumulative Total
<b>Special Projects \$4,500 or Less</b>					
1	553	Fort Belknap Ventures	4,400	4,000	4,400
2	566	Gallatin County Hist. Soc.	4,000	4,000	8,400
3	555	Butte Symphony Orchestra	4,000	4,000	12,400
4	510	Treasure County 89'ers, Inc.	4,500	4,500	16,900
5	560	Mineral County Fair	4,500	2,000	18,900
6	538	Northern Showcase	4,500	2,500	21,400
7	559	Theater Arts Dept - FVCC	2,000	600	22,000
8	492	Historic Lewistown Accord	2,500	1,250	23,250
9	513	MT Agricultural Cntr & Museum	4,000	2,000	25,250
10	577	Judith Basin Historical Soc.	4,500	2,000	27,250
11	507	Granite County Museum & CC	2,550	0	27,250
12	551	Miles City Arts, Cult & Hist	4,485	0	27,250
13	493	J.K. Ralston Studio, Inc.	4,498	0	27,250
14	571	Sqelix'u/Aqlcmaknik Center	4,500	0	27,250
<b>Special Projects</b>					
1	615	MT Committee for the Humanities	50,000	40,000	67,250
2	616	Rattlesnake Productions	25,000	25,000	92,250
3	567	Native Voices Public TV	89,450	40,000	132,250
4	589	Vigilante Theatre Company	25,000	20,000	152,250
5	581	Custer County Art Center	21,495	21,495	173,745
6	588	MT Performing Arts Consort.	84,000	40,000	213,745
7	574	N. Cheyenne Cultural Comm	21,756	15,000	228,745
8	606	Western Heritage Center	14,000	14,000	242,745
9	504	Aleph Movement Theatre	27,660	27,660	270,405
10	545	Helena Presents	60,000	25,000	295,405
11	605	MT Assn Symphony Orchestras	20,000	15,000	310,405



# CULTURAL AND AESTHETIC GRANTS RECOMMENDATIONS

Rank	Request #	Project	Request	CAPCA Recommend	Cumulative Total
12	514	Dept of Admin-State of MT	12,000	12,000	322,405
13	525	Great Falls Symphony Assoc	14,300	12,000	334,405
14	591	Beall Park Art Center	22,100	8,000	342,405
15	604	Northern Lights Institute	15,000	15,000	357,405
16	563	Alberta Bair Theater	40,000	20,000	377,405
17	614	Montana Indian Art & Culture Assn.	27,200	11,000	388,405
18	549	MT Historical Soc. Archives	36,620	25,000	413,405
19	579	Fort Peck Fine Arts Council	25,000	15,000	428,405
20	535	Writer's Voice-Billings YMCA	12,000	7,500	435,905
21	576	Copper Village Museum & Arts Center	16,223	8,500	444,405
22	569	Office of Public Instruction	23,215	20,000	464,405
23	580	Fort Peck Fine Arts Council	50,000	12,000	476,405
24	491	Hellgate Writers, Inc.	23,800	13,000	489,405
25	537	Bigfork Ctr for Perf Arts F.	30,531	23,000	512,405
26	498	Hist. Museum-Fort Missoula	15,590	15,000	527,405
27	529	Starfire Productions	25,000	10,000	537,405
28	526	MT Historical Soc. Museum	12,224	7,500	544,905
29	564	Livingston Depot Foundation	29,400	12,000	556,905
30	542	Helena Symphony Society	15,200	7,500	564,405
31	528	Missoula Cultural Exchange	20,010	10,000	574,405
32	578	Missoula Community Access TV	16,725	7,500	581,905
33	561	Dawson County Arts Unlimited	25,146	5,000	586,905
34	611	Billings Symphony Society	25,450	10,000	596,905
35	501	Yellowstone Chamber Players	18,424	10,000	606,905
36	556	Very Special Arts Montana	20,000	10,000	616,905
37	572	Sqelix'u/Aqlcmaknik Center	62,630	15,000	631,905
38	500	Emerson Cultural Center	31,400	20,000	651,905
39	550	Museum of Fine Art - UM	41,500	9,000	660,905
40	515	Helena City Planning Dept	5,565	2,500	663,405
41	541	Holter Museum of Art	52,330	10,000	673,405
42	505	Young Audiences of W. MT	12,425	7,500	680,905
43	521	Helena Art Center	10,000	3,000	683,905

# CULTURAL AND AESTHETIC GRANTS RECOMMENDATIONS

Rank	Request #	Project	Request	CAPCA Recommend	Cumulative Total
44	522	MSU Libraries	18,637	10,000	693,905
45	568	Center-Native Amer St.- MSU	19,636	4,000	697,905
46	534	Montana Wood Carvers Assoc	2,000	1,000	698,905
47	608	Glacier Orchestra & Chorale	25,600	10,000	708,905
48	527	Bozeman Symphony Orchestra	16,000	8,000	716,905
49	533	Daly Mansion Preservation T	19,000	8,000	724,905
50	603	Montana Chorale	30,306	10,000	734,905
51	586	Montana Institute of Arts F	70,000	0	734,905
52	573	Miles Community College	171,724	0	734,905
53	546	Carroll College Theatre	45,000	0	734,905
54	517	Miles City Genealogical Soc	40,000	0	734,905
55	494	School of Art - MSU	55,790	0	734,905
56	490	Media & Theater Art - MSU	4,380	0	734,905
57	499	Montanans for Quality TV	18,743	0	734,905
58	502	Missoula Symphony Assoc.	4,500	0	734,905
59	503	Big Sky Assoc. for Arts	36,000	0	734,905
60	548	Missoula Senior Citizens C	50,800	0	734,905
<b>Operational Support</b>					
1	530	Shakespeare in the Parks	32,000	30,000	764,905
2	547	MT Repertory Theatre	80,000	30,000	794,905
3	512	MT Art Gallery Directors A.	35,000	30,000	824,905
4	523	Hockaday Center for the Arts	18,000	10,000	834,905
5	583	MT Dance Arts Assoc.	6,000	5,000	839,905
6	584	MT Institute of Arts F	24,500	20,000	859,905
7	582	MT Preservation Alliance	5,500	3,500	863,405
8	607	MT Alliance for Arts Ed	18,000	10,000	873,405
9	590	Big Sky Indian Market/NACI	15,000	7,500	880,905
10	585	MT State Theater Assoc	3,500	3,000	883,905
11	508	Granite County Museum & CC	18,900	9,500	893,405
12	497	MT Ballet Company, Inc.	15,000	5,000	898,405
13	562	Livingston Depot Foundation	30,000	0	898,405

# CULTURAL AND AESTHETIC GRANTS RECOMMENDATIONS

Rank	Request #	Project	Request	CAPCA Recommend	Cumulative Total
14	557	MT Chamber Orchestra	10,250	0	898,405
15	602	Montana Chorale	35,771	0	898,405
<b>Capital Expenditure</b>					
1	536	Missoula Children's Theatre	75,000	40,000	938,405
2	601	Paris Gibson Square Museum	49,000	40,000	978,405
3	511	C.M. Russell Museum	29,211	25,000	1,003,405
4	519	Community Improvement Org.	4,500	4,000	1,007,405
5	593	Archie Bray Foundation	38,267	25,000	1,032,405
6	600	Kohrs Memorial Library	30,000	15,000	1,047,405
7	506	Yellowstone Art Center	100,000	60,000	1,107,405
8	552	Billings Preservation Soc.	16,025	10,000	1,117,405
9	518	Friends of Intake Church	1,600	1,600	1,119,005
10	587	MT Institute of the Arts	100,000	15,000	1,134,005
11	540	Garnet Preservation Assoc.	10,000	9,000	1,143,005
12	598	Rosebud County Historical S	30,000	10,000	1,153,005
13	596	Blaine County Museum	55,000	10,000	1,163,005
14	597	Billings Studio Theatre	23,000	11,500	1,174,505
15	520	Park County Museum	1,750	1,750	1,176,255
16	575	Anaconda Deer Lodge County	40,000	15,000	1,191,255
17	543	Upper Blackfoot Valley Hist.S	4,500	3,000	1,194,255
18	599	Pondera History Association	77,850	4,000	1,198,255
19	509	Tobacco Valley Improvement A	3,765	1,000	1,199,255
20	532	Daly Mansion Preservation T.	25,000	0	1,199,255
21	496	Emerson Cultural Center	23,800	0	1,199,255
22	610	Red Lodge Music Festival	7,215	0	1,199,255
23	570	Arlee Historical Society	3,320	0	1,199,255
24	495	Hist. Museum-Ft Missoula	13,750	0	1,199,255
25	531	ZooMontana, Inc.	25,675	0	1,199,255
26	516	Bozeman Beautification Com.	10,000	0	1,199,255
<b>Endowment Development</b>					



# CULTURAL AND AESTHETIC GRANTS RECOMMENDATIONS

Rank	Request #	Project	Request	CAPCA Recommend	Cumulative Total
1	544	Helena Presents	60,000	40,000	1,239,255
2	558	Bitterroot Public Library F	10,000	8,000	1,247,255
3	524	Hockaday Center for the Arts	16,000	8,000	1,255,255
4	554	Alberta Bair Theatre	30,000	20,000	1,275,255
5	565	Gallatin C. Historical Soc.	10,000	8,000	1,283,255
6	594	Archie Bray Foundation	25,000	12,000	1,295,255
7	592	Beall Park Art Center	10,000	8,000	1,303,255
8	612	Billings Symphony Society	15,000	10,000	1,313,255
9	595	Internatl Choral Festival	20,000	8,000	1,321,255
10	609	Glacier Orchestra & Chorale	30,000	8,000	1,329,255
11	613	Billings Preservation Soc.	5,000	4,000	1,333,255

## Oil Overcharge

Oil overcharge monies are allocated to states by the federal Department of Energy [DOE] or the courts as a result of litigation against oil companies for overcharging for their products. The funds are awarded as restitution. States must use the funds to assist those who were harmed.

Oil overcharge monies may not be used to replace state funds and may only be used in authorized program areas. Under DOE regulations, oil overcharge monies are to be allocated by the Governor. He must make signed assurances to the court and DOE that the funds will be expended according to the established criteria. A plan must be submitted to DOE prior to expenditure of the funds. Oil overcharge funds may not be used to supplant state funds.

### Limits on Use of the Funds

Oil overcharge monies may only be spent on energy-related activities in the following program areas according to DOE regulations:

1. State Energy Conservation Program - DNRC
2. Constitutional Conservation Program - DNRC
3. Energy Extension Service - DNRC
4. Low-Income Energy Assistance Program [LIEAP] - SRS
5. Low-Income Weatherization Assistance Program - SRS
6. Highway and bridge maintenance and repair
7. Ridesharing programs
8. Public transportation projects
9. Residential or commercial building energy audits
10. Grant or loan programs for weatherization or other conservation equipment installation
11. Energy assistance programs
12. Airport maintenance programs
13. Reduction in airport user fees
14. Energy conservation or energy research offices or administration

### Two Montana Projects Recognized as Outstanding

In August, 1992, the DOE published "America's Best: Outstanding State Energy Grant Projects" to commemorate the 15th year of state energy efficiency federal funding. Montana was recognized

for two projects: (1) State Buildings Energy Program, which received oil overcharge funds to initiate energy improvements in state buildings and now sells general obligation bonds, with the savings exceeding debt service on the bonds; and (2) Safflower as a petroleum substitute or extender for diesel fuel, which first received oil overcharge funds in the 1991 session, was recognized as innovative for Montana, which uses twice as much diesel per capita as the average state and has a farming system suited to safflower cultivation. The safflower project is recommended for continued funding during the 1995 biennium funding in item four below.

### Single Program Plan

The DOE requires that states present a single plan for all oil overcharge monies. The executive budget proposes appropriation of oil overcharge monies in a single piece of legislation (HB10) to ensure that the DNRC can make formal application to DOE following the legislative session.

### Allocation of Funds

Recommended appropriations for the 1995 biennium total \$2,385,000 comprised of \$1,225,000 new appropriations from recent and projected restitution; \$700,000 from the Exxon payments transferred to the energy conservation and energy assistance account in HB021, Section 4(1), Laws of 1987; and \$460,000 from carryover funds which must be reappropriated for the same purpose as originally allocated. All are federal special revenue fund appropriations.

The allocation of funds is recommended for the projects summarized below.

1. Low-income home weatherization is recommended as a \$700,000 appropriation to the Department of Social and Rehabilitation Services from the Exxon payments which were transferred to the energy conservation and energy assistance of timely restitution, the state must begin spending these funds for use in the home weatherization program created in 90-4-201, MCA.

2. Matching funds of \$100,000 for low-income energy assistance from the stripper well payments to the Department of Social and Rehabilitation Services to match private contributions to Energy Share, Inc. The funds will be used to assist persons who are not eligible for federal low-income energy assistance and whose income is less than 150% of the federal poverty threshold published by U.S. Bureau of the Census in the most recent edition of its publication, Poverty in the United States.

3. Promotion of transportation energy conservation would receive \$340,000 for a cooperative program between DNRC and the Department of Transportation to promote transportation demand management and to foster expanded use of alternative fuels.

4. Petroleum substitutes from agricultural and timber products is recommended for \$150,000 to DNRC to continue development and demonstration of safflower oil as a fuel additive or substitute to reduce petroleum consumption, and result in a new potential cash crop for eastern Montana farmers, and to develop and demonstrate technologies and processes using waste from the pulp and paper industry and from agricultural commodities to produce ethanol. Stripper well funds will be matched at least dollar for dollar with federal and/or private contributions.

5. Technical assistance to local governments would receive \$235,000 of new funds and \$80,000 of carryover funds, which are appropriated to the DNRC to contract with a private or public entity, to provide technical assistance outreach to local governments and allocate about \$215,000 to be administered through the Board of Investments as an energy conservation loan and bridge financing program with energy savings generating local funds to pay back loans for future projects.

6. Agricultural energy conservation would receive \$100,000 from the stripper well payments to the DNRC for use by the conservation districts in funding local projects such as solar livestock watering systems, stockwater tank insulation and solar heating,<sup>2</sup> and farming techniques to more efficiently use irrigation water.

7. Institutional conservation would receive \$300,000 from the stripper well payments and \$200,000 from carryover funds for use in the Institutional Conservation Program for schools and hospitals administered by the DNRC pursuant to 10 CFR 455.

8. The State Energy Conservation Program administered by the DNRC would be reappropriated \$180,000 from carryover funds.

The following table shows the 1995 biennium recommendations which will be introduced in **HB10**.



**OIL OVERCHARGE  
1995 BIENNIAL RECOMMENDATIONS**

Agency	Project Description	Biennial Approp
<b>New Appropriations:</b>		
SRS	Continue Energy Share Low-Income Assistance	\$100,000
DNRC/DOT	Transportation Planning & Modeling/Alternative Fuels	340,000
DNRC	Petroleum Substitutes from Ag and Timber Products	150,000
DNRC	Local Government Energy Conservation Grant	235,000
DNRC	Agricultural Energy Conservation	100,000
DNRC	Institutional Conservation for Schools & Hospitals	300,000
<b>New Appropriations Subtotal</b>		<b>1,225,000</b>
<b>Appropriate Transferred Funds:</b>		
SRS	Low-Income Home Weatherization (Exxon Account)	700,000
<b>Reappropriate Carryover Funds:</b>		
DNRC	State Energy Conservation Program	180,000
DNRC	Local Government Energy Conservation Grant	80,000
DNRC	Institutional Conservation for Schools & Hospitals	200,000
<b>Carryover Appropriations Subtotal</b>		<b>460,000</b>
<b>TOTAL APPROPRIATIONS</b>		<b>\$2,385,000</b>

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